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West Europe Report



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30 October 1984

WEST EUROPE REPORT

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DEMAND FOR CLARIFICATION OF CONTRADICTORY GONZALEZ NATO STAND

Madrid YA in Spanish 13 Sep 84 p 5

[Text] The ministers of foreign affairs of the EEC have just decided in Dublin to force by political means negotiations in favor of Spain's admission to the community and have hinted at the inseparability of this matter and Spain's membership in NATO. A relationship approved in its day by the UCD government [Union of the Democratic Center] and then denied by the Socialist Party, which still denies it in some ways, despite the fact that it is an open secret that not all members of the EEC parliament will ratify the treaty of assent if during 1985 Spain does not make a decision about its permanence in NATO, even if it is to remain in the present situation.

The subject of the NATO-Spain relationship is entering a state of confusion. It has become, whether the top Socialist leaders like it or not, an issue of debate and internal conflict, as is to be expected in view of the Copernican turn the party will take at this point between the 29th and 30th conventions. Those leaders hope that the party will give the government a free hand so that it can make the final decision that it believes to be the most advantageous for the benefit and defense of Spain. Some even hope for the possibility of avoiding a referendum, which is not without risk of defeat for the government calling for it.

Although in all probability the government's proposition will get the endorsement of the party that favors the government, it is nonetheless paradoxical that socialist leaders as influential and important as Nicolas Redondo will publicly state their opposition to staying in NATO and openly advocate an active campaign, in this case by the UGT [General Union of Workers], in favor of Spain's withdrawal from the Atlantic Alliance.

Meanwhile the government remains silent, officially denies any connection between becoming a member of the community and remaining a member of NATO--thus depriving itself one of its main options--and postpones the clarification that will have to be made during the 30th convention. Well then, it is the government that has the duty of clarifying itself to its citizens. It is contradictory to proclaim, on the one hand, the desire to find a solution to the NATO problem that agrees with the country's vision, that is to say, with a nonpartisan view, and at the same time to send a clarification on the matter to the

party's convention. We realize that this has to do with a procedure for having the party itself take responsibility for the change that in matters of foreign defense its leaders have experienced since ascending to power. But this is the problem of the PSOE [Spanish Socialist Workers Party].

From their position in government, the socialist leaders have had the opportunity of confirming that there are arguments in favor of organizing our defenses not from the point of view of neutrality but from that of joint responsibility with the West. Let them explain this to the bewildered citizen subjected to the annoying shower of contradictory declarations by leaders and ministers. Joaquin Leguina has stated that the NATO question should not be a matter of ideology and that the answer should be found within the framework of national interest. He is right, and this realistic position, already adopted by the socialist governments of Western Europe, must be considered. Well, that which is of interest to national defense should be explained. And the minister of defense, up to now silent regarding this matter, will have to say something when he has obtained enough information about Spain's defense alternatives.

It seems incongruous that while NATO's military committee visits us today, Minister Moran tells the weekly newspaper TIEMPO that we should withdraw from that committee, where we have a representative, "because I don't see how we can maintain that we are not part of the military organization while we are included in that committee." There seems to be an implicit proposal on the part of the foreign minister to put an end to our cold relations with NATO and initiate a thaw. Meanwhile his colleague in defense and the Spanish Armed Forces increase their contacts, which are logical and necessary, with responsible politicians, military men, and industrialists from our present associates in the Atlantic Alliance.

Felipe Gonzalez has enough authority over his party's cadre to explain and propose what he, as a responsible leader, believes is best for the nation. And it would not be the latter that would object to his speaking clearly and precisely about this matter. What is less understood and is becoming a source of embarrassment is this blind search for a way out of this maze in which we find ourselves because of lack of clarity.

9907

CSO: 3548/342

RIFT IN CP BETWEEN MODERATES, STALINISTS INTENSIFIES

Stalinist Organ on 'Unity Forces'

Helsinki TIEDONANTAJA in Finnish 12 Sep 84 p 2

[Editorial: "Unity Forces Into Action"]

[Text] The meetings of the Unity Forces of SKP [Finnish Communist Party] held on Sunday met with great success. Success was assured above all by a vigorous turn to the application of energies to salvage the party, to bring about a special meeting of delegates to reunite the party, to bring together the party membership in the vital struggles for peace, international solidarity and workers' benefits.

The circulation as a nationwide campaign of a petition to unify the SKP was given impetus at the meeting, and decisions were reached on the continued activities and organization of the unity forces, among other things the establishment of a veterans' council and a council on work-place activities.

The Communists do not separate activities aimed at preserving the party and political action as regards the antimonopolistic main line of SKP and the party's combat capabilities. Thus the fall international tasks, solidarity with the Nokia rubber factory workers, the day-care struggle and many other concrete problems were underlined at the meetings. The arguments of KANSAN UUTISET [People's News] that the main target at the meetings was only the present leadership of SKP and not the right wing bourgeoisie need no further comment.

Just the turn at the Sunday meetings to defending the ideological-political line of SKP, reversing the abnormal situation of the party and preventing its dissolution shows in actions every day to have grated on the nerves of party chairman Arvo Aalto. Aalto, who himself is steering the party from its ideological-political line to the right, personally has the chief responsibility for the abnormal condition of the party's international and national status, organizational life and leadership, and is himself driving the party toward dissolution, is now blaming the unity forces for the disparagement of SKP, worsening of the abnormal situation and disintegration.

Aalto of course would be pleased if the party membership submitted, like a sacrificial lamb, to the commands of the conservative leadership, to the perpetuation of arbitrary decisions, and to the destruction of the party. But because the party membership will not truckle to them, Aalto resorts to an old trick where the evildoer shouts: grab the culprit!

Stalinist District Secretary Dismissed

Helsinki HELSINGIN SANOMAT in Finnish 18 Sep 84 p 11

[Text] The communist party has put the Kainuu district secretary Reino Leinonen on compulsory leave as of the beginning of next month. The Kainuu district committee of SKP recommends to the SKP central committee Leinonen's dismissal because of a vote of non-confidence. The central committee will convene at the end of October.

The decision of the Kainuu district committee of SKP arose after a vote of 14--6. The majority of the district committee voted to support the proposal of its chairman, MP Arvo Kemppainen. Those in the minority in this internal crisis of SKP represent the so-called third line. No minority representative remains in the district committee.

District secretary Leinonen was struck at the behest of the district leadership from the slate of candidates of the local elections in October, and as a result of this 18 other candidates bowed out, among them head trustees and department chairmen, and others.

In the dramatic events of last spring Leinonen and his supporters backed SKP chairman Jouko Kajanoja whom the general secretary Arvo Aalto cut down at the delegate convention.

As a result of the decisive vote the SKP Kainuu delegate bloc was split in two.

Soviet Paper Attacks SKDL

Helsinki HELSINGIN SANOMAT in Finnish 19 Sep 84 p 3

[Text] The Soviet Finnish language newspaper NEUVOSTO-KARJAIN [Soviet Karelia] has criticized the SKDL [Finnish People's Democratic League] leadership of making unfriendly statements about the Soviet Union.

In the article which carries the headline "Peculiar Attitude" the chairman of the SKDL league council Kalevi Kilpi is mentioned by name and it is stated that unfriendly remarks about the Soviet Union and the Communist movement made by various members of the SKDL leadership have been reported in the newspapers KANSAN UUTiset as well as KANSAN TAHTO [People's Will] and FOLKTIDNINGEN NY TID [People's News New Times], not to mention the conservative papers.

The tenor of the unfriendly statements, according to NEUVOSTO-KARJALA, is that they report in them that the Soviet Union is criticizing SKDL. The article was published in the Sunday issue of the paper.

In a recent interview with KANSAN UUTISET Kalevi Kilpi made the allegation that Soviet newspapers are criticizing SKDL" and that they are reacting wrongfully to the organization the paper stated.

Kilpi laid the blame for this, according to NEUVOSTO-KARJALA, on the shoulders of the SKP minority.

The newspaper denied that the Soviet press had ever criticized SKDL as such, but pointed out that various influential leaders of the organization do not identify themselves with the tens of thousands of league supporters and members whom it characterizes as "genuine defenders of peace, democracy and socialism." "All this should be known to Kalevi Kilpi," the paper stated.

"All indications are that Kilpi has been led astray by SKP and its unification opponents, who have recently become active," the newspaper stated.

"It is exactly these cliques which are doing their utmost to divide the Finnish Communists into some kind of 'majority' and 'minority' in order to undermine the confidence of Communists and people's democracies in the Soviet Union," the paper wrote.

"We can only deplore the fact that Kilpi, who describes himself as a consistent supporter of Finnish-Soviet friendship, has made a statement which in reality is in the interest of those circles," the paper concludes in its article.

9655

CSO: 3617/230

SOVIET AIMS AT RECENT ILO CONFERENCE ANALYZED

Paris EST & OUEST in French Sep 84 pp 17-18

[Article by Herve Le Goff]

[Text] The draft resolution submitted by the government representatives of Bulgaria, Cuba, Hungary, Mongolia, the GDR, the Ukraine, and the USSR during the 77th ILO [International Labor Organization] conference in Geneva in June 1984 seemed to be quite harmless. It was only supposed to set up a working group to study a reform in "the normative activity of the ILO and its activities related to monitoring international working conditions, and to prepare joint recommendations for improvements, after giving all due consideration to the legitimate interests of all the states."

In reality, though, this was an attempt to restrict investigations conducted by the ILO's Union Freedom Committee on the violation by a certain number of governments of agreements which they have ratified. These possible violations concern union freedom, the protection of union rights, the right of organization, the right of collective bargaining, working standards, etc. The governments routinely questioned in this regard are not only those in the free world; they also include states from the communist bloc.

And despite the roadblocks which the communist countries set up to avoid the filing of complaints, testimony, and the conduct of inquiries, reports of the ILO's Union Freedom Committee have on many occasions shown that the communist governments are among those in the world which respect workers' rights the least*. So

* See the cases of Romania, Cuba, and Nicaragua cited in the April, May, and July 1984 issues of EST & OUEST. See also in this September issue, p 32, an analysis of the report of the BIT [International Labor Office] devoted to the situation of the union movement in Poland.

the authors of this draft resolution wanted to cover up this situation, by making use of a reform in monitoring and control procedures.

Some of their other interests behind this resolution were: to make use of the ILO to increase the influence of communist governments over Third World countries; and also to transform the ILO into a war machine directed exclusively and forcefully against the governments of the industrialized states of the free world, in particular the United States and members of the European Community.

Alexander Subbotin, secretary of the USSR's central council of unions, very openly stated these objectives in an official publication of the USSR, ACTUALITES SOVIETIQUES* on 4 July 1984: "The effectiveness of the ILO's activity depends directly on the functioning of its control mechanism. Since the ILO was founded, the world has been entirely transformed. However, the control mechanism does not take into account the special features of political systems and legal procedures of the developing countries and of the socialist countries."

Stated plainly, this means that the monitoring of working conditions should differ, depending on whether these conditions are being monitored in the western countries or in the "socialist" countries. By definition, the socialist countries are more concerned than the others about the workers' interests. And if the ILO were to find some defects in terms of respecting standards, that could only be a mistake. A. Subbotin also protests in the following terms about ILO reports that are unfavorable to communist regimes: "It is unacceptable to spread falsified information about workers' and unions' rights in socialist society, to interpret them from the bias of limited political interests, to exceed the powers of certain organs of the control mechanism, and to openly infringe upon procedural rules."

Then, still in the same article, he openly calls for redirecting the ILO's activity toward a study "of problems of concern to the workers; for example, the defense of peace, the containment of the arms race, the reduction of military budgets, etc."

The importance Moscow attaches to getting the ILO to stop investigating labor law violations in communist countries and to spread the passwords and slogans of Soviet propaganda was made quite evident in a second article which appeared in

* Biweekly information letter published by the Soviet Information Bureau in Paris.

ACTUALITES SOVIETIQUES a week later, on 11 July 1984. This article was signed by Leonid Kostin, a Moscow government delegate to the ILO and first vice chairman of the state committee for labor and social problems: "The tripartite delegation from the USSR, like those from other socialist countries and from some of the developing nations, has energetically advocated that the ILO serve as the true defender of the vital interests of the workers, that it make a greater contribution to the campaign for peace and disarmament," the article begins. The author says that he is scandalized by the fact that the words "peace, " "détente," and "disarmament" were not even mentioned in the director general's report.

As might be expected, and in a very hypocritical way, L. Kostin came back to the issue of monitoring working conditions: "I would like to make it clear that the actions we have taken on this issue are designed solely to improve and democratize this control. We do feel that the preparation of new international agreements on the protection of the workers' basic rights is running into enormous difficulties. The application of international agreements on labor is impeded by many outdated rules and monitoring procedures. Changing the ILO's archaic working methods and structure is an imperative of our time."

L. Kostin concluded his article with a demand which, to our knowledge, was not mentioned during the 77th ILO conference: "Although the work of improving (the ILO) has been going on for years, no positive results have been achieved. The issue of representation of leaders of enterprise from the socialist countries--on an equal basis--is the main obstacle."

The Soviet delegate did not bother to explain, though, how the USSR might send delegates from Soviet "management" to take part in the management group at the ILO (which works alongside the union and government groups), without their actually being additional de facto government delegates.

A Strategy That is Already Old

The USSR's demands about the ILO's working methods and the political reorientation of its objectives are nothing new, and in fact testify to the remarkable continuity of the communist intentions.

Back in June 1951, at the 34th session of the ILO conference, the delegate from Czechoslovakia, Mr Vavricka, asked that the

ILO denounce "the war preparations" of which he accused the western governments. And the delegate from Poland, Mr Altman, wanted the ILO to call for the demilitarization of West Germany and Japan, and the conclusion of a "peace pact" among the five great powers. In a plenary session, two other delegates from these countries "strongly urged the ILO--if it wanted to maintain its influence and keep its position--to resolutely take a stand at the side of the defenders of peace," that is, the eastern bloc countries. (REVUE INTERNATIONALE DU TRAVAIL, 34th session of the conference, p 149).

In June 1953 the USSR, which for decades had poured out floods of invective at the ILO, decided to join it. Right away, it challenged its tripartite composition, which gave every member state two government delegates, one delegate from management organizations, and one delegate from workers' organizations. According to the USSR, for each country the workers should henceforth have two out of the four delegates, and one of the two others should represent the government, and the other management. It did not win on this issue and the mandate of its "management" delegate was openly challenged, as was that of the other "management" delegates from the communist countries, who were not fully recognized, and for that reason, none was elected to a technical commission. This led to the demand made by Leonid Kostin, that "directors of enterprise from the socialist countries" should be considered management delegates and enjoy "representation on an equal basis."

Resistance by Free World Delegates

The delegates from the free countries, who have long been accustomed to the strategy of the communist countries' representatives in the ILO, particularly their demagogic maneuvers directed at the developing countries, were able to ward off the threat of a coalition between the communist delegates and those from the Third World. The delegations from the FRG, Belgium, France, Italy, Norway, the Netherlands, Portugal, and Switzerland, acting in unanimity, introduced a highly pertinent draft resolution.

In it they explain first of all that "the principle of union freedom is one of the essential objectives of the ILO and that freedom of expression and of association are essential conditions for sustained progress." They next note that "the control system of the ILO offers solid guarantees of impartiality, realism, and credibility," and they reaffirm "with force the imperative need for all the member states to apply effectively and scrupulously the obligations they have contracted."

They add, though, that "in a certain number of states, particularly in the developing countries, some difficulties persist in relation to the application of the agreements that have been ratified." For this reason they ask that in such cases the director general of the BIT [International Labor Office] take "the steps necessary to expand technical and practical assistance in meeting international labor standards." This proposal is in agreement with the wishes of most of the developing nations.

This proposal, like the one from the communist countries, is to be studied in a commission, and the risk of seeing the developing countries, which often have trouble applying international labor standards, join with the communist delegates to obtain a modification of the BIT monitoring system seems to have been eliminated. So the BIT will now be able to continue to receive complaints and to investigate in full impartiality, no matter how much that may displease some governments, particularly the communist governments.

7679

CSO: 3519/9

DETAILS OF PCF-CGT RELATIONSHIP EXAMINED

Paris EST & OUEST in French Sep 84 pp 19-22

[Article by Rene Milon: "The Drive Belt"]

[Text] The Spartans provided their sons with the spectacle of a drunken serf in order to instill in them a distaste for overindulgence in wine. It is because of a similar intention, perhaps: making us sick of lies once and for all, that television broadcast far and wide the statement which Georges Marchais dared make once again -- his routine lie -- in Le Havre on 15 May 1984, concerning his party's relations with the CGT. The fact is now so well known, the subordination of the Confederation to the Communist Party so patent, that these remarks by the secretary general of the PCF were greeted with laughter:

"I repeat once again: As we have always done, we communists fully respect the total independence of trade unions with respect to management, the state and political parties. For us, it is absolutely clear: The conception of trade unions as the drive belt of a party, whichever it may be, is totally foreign to us. We fight it and shall continue to fight it." (L'HUMANITE, 16 May 1984)

All those in France who have any political or trade union knowledge and background have long known that the CGT is used precisely as a "drive belt" between the PCF and the masses. One could even say -- let this remark not be viewed as spiteful in any way -- that it is sometimes that element, the picturesque nature of the expression recorded in people's memories, that constitutes nearly everything that many know about Sovietology in terms of the special techniques of the communists regarding their organization and action.

Nevertheless, while no one doubts any longer the material certainty of the fact -- the too real subordination of the CGT to the Communist Party -- some might think that the expression itself is not of communist origin, that it was forged by the enemies of the PCF: In the minds of everyone today, it now has a clearly pejorative meaning and one has difficulty imagining that it would be the creation of those for whom it now serves to denounce the trade union behavior, at least the creation of those whose heritage they have assumed and have never denied.

Furthermore -- as you may have noticed -- Marchais demonstrated caution in his lying boldness. "We shall fight it and we are fighting it," he said, speaking of the "drive belt" conception of the trade union.

He did not say: "We have always fought it."

When they are shrewdly, carefully prepared, lies present those secret doors that one misses at first sight, but that allow the liar to get out of his lie if, perchance, someone points out that he is not telling the truth.

Stalin

Let us first of all prove that this formula has been commonly used by the communists, those in the Soviet Union first and then by those in France, as is proper.

But honor to whom honor is due: We shall begin with Stalin.

Let us refer to his lectures in early 1924 at the Smolny Institute, published under this pretentious title: "Concerning the Principles of Leninism" (with this article, Stalin practically began his career as a "doctrinarian").

One finds under Point 3 of Chapter 8 entitled "The Party": "The Party, the supreme form of organization of the proletarian class," the affirmation that the proletariat has a whole range of combat organizations: trade unions, cooperatives, plant organizations, the union of women without a party, and so on, but that these organizations, although serving a single class, will not pursue their action in a single direction, as they should in order to bring about the revolution, if the action of each is not coordinated with that of the others by a central organization, which can be none other than the "party of the proletariat":

"By virtue of its experience and authority, the party is the only organization capable of centralizing the leadership of the proletariat's struggle and of thus turning the most diverse partyless organizations of the working class into auxiliary organizations and drive belts linking the party with the class" (J. Stalin: "Questions of Leninism," Vol 1, Paris, Editions Sociales, 1946, p 80).

The formula fits well and it is explained by the words that follow it: The party does not, cannot and must not have any direct contact with the class and with the masses. It therefore needs a drive belt to link the class to itself in order to take advantage of its movement, but while orienting that movement at will (which would not be possible if it were mingled with the class instead of being its "avant-garde").

One should note the other expression, which in a sense duplicates that of "drive belt": "auxiliary organization."

Not a bad formula either!

Thorez

After the master, the lackey. After Stalin, Thorez.

He has used the formula at least 100 times and probably more.

For example, it is contained in the "kilometric" report (the practice is still in vogue, but the word has disappeared) which Thorez (who was still only organizational secretary) presented on 11 March 1932 before the Seventh Congress of the Communist Party and which the Bureau d'Editions published in a thick 176-page brochure entitled "Onward, for the Revolutionary Way out of the Crisis."

The party was behind the "increasingly favorable objective conditions" (for over 100 years, the "objective conditions" have been so favorable for Marx and the Marxists that the revolution cannot be long in coming). This delay was due to flaws in "party work," particularly an excessively hasty manner of recruiting. Thorez claimed to note a "tendency toward the organization of the masses," meaning a tendency of the people to join associations, to "organize," to use a word which the rhetoric has borrowed from trade union jargon (aware and organized workers; the unorganized). Unfortunately, the members did not use the tendency well in the sense that they recruited directly for the party and that, from the earliest weeks of membership, they overwhelmed newcomers with work and consequently, the latter left the party and joined the ranks of sympathizers. It would have been better first to let them join the mass organizations:

"We do not know how to organize using these 'drive belts' which the trade unions, the SRI [International Red Help], the ARAC [expansion unknown], the SOI [International Workers Help], and so forth, are. All these organizations have been abandoned, left to themselves." (Op. cit., p 133)

Thorez reprints this speech in Book 2, Volume 3, of his "Works," a volume published in 1951, without making the slightest correction (content to explain the acronyms, of which at least two may not have been understood: the International Red Help, replaced by the People's Help, the International Workers Help). He did not even deem it necessary to explain the expression or to attenuate it in a note. In 1951, it was still used normally, at least within the party.

It was not yet considered as embarrassing.

Disappearance

It was probably at the time of de-Stalinization that it was taken out.

One finds a kind of *terminus ad quem* of the use of this formula in the study which Roger Garaudy devoted to the Seventh Congress of the Italian Communist party, "Concerning the 'Italian Path to Socialism'" in CAHIERS DU COMMUNISME of January 1957. It was a thrilling study in which (with the proper moderation of language when attacking a "brother party," even the most shameful), the future heretic, then orthodox to the very tips of his fingers, summoned his Italian comrades back to a more proper observation of the line.

At the risk of making this brief article too long, we cannot resist the temptation to quote more at length:

"When Comrade di Vittorio (then secretary general of the CGIL, the Italian CGT, and, naturally, a member of the Politburo of the Italian Communist Party) brought up the cardinal problem of trade union unity, he endeavored to show that "the development of trade union unification spontaneously arose out of all the trends of the Italian workers movement" and emphasized the idea that "trade unity requires complete independence, not only with regard to management and governments, but also all parties."

It was a formula that roused the enthusiasm of FRANCE OBSERVATEUR in France (Op. cit., p 40).

Obviously, this formula did not rouse the same enthusiasm in Garaudy:

"The trade unions," Di Vittorio states, in order to be unified, "cannot be the 'drive belt' of any party." For our party, "we do not use this expression 'drive belt', but Lenin emphasized that this image does not mean mechanical submission."

To be accurate, Garaudy should have written: "We 'no longer' use rather than 'we do not' use." But the communists constantly try to make people believe that their current position has always been their position, a corollary of their constant axiom: The party is always right.

However, while Garaudy rejected the formula, he did not repudiate the idea:

"And yet," he continued, "there can be no question, in eliminating this image, of giving up the Marxist-Leninist conception," and he once again attacked Di Vittorio, who had advanced the other argument: "The liquidation of the theory of the 'drive belt' is also justified by the fact that there exist several workers parties."

Garaudy, who, as one can see, rejected the formula but not the theory of the "drive belt," was worried that Di Vittorio might also place "on the same level a party based on scientific socialism and other parties."

He then asserts, both orthodox and peremptory: "The fact that several parties might have a large number of workers in their ranks" (which is the case in Italy, not only for the PSI, but also for the Christian Democrats) "cannot make us forget that there is but one scientific socialism that clearly defines the historic role of the working class, the tactics and strategy enabling it to accomplish its mission."

In 1957, the French communists had not yet given up the theory of the single party and Garaudy blamed Di Vittorio (but Togliatti as well) for accepting the possibility of a plurality of parties during the building of socialism and even after, even in the socialist society where it would build, as the draft positions worked out for the PCI congress stated, "one of the characteristic forms in which the internal dialectic of the socialist state will develop." (Op. cit., p 41)

One can see that the French communists needed in order to go along with the new style of the international communist movement and come to the idea of proposing to the "masses" a "French-type socialism."

Garaudy incidently put his reader on the trail, recalling that "Lenin had already emphasized that this image (drive belt) does not mean mechanical submission." He implicitly recognized that Lenin knew the image and used it, whether or not he invented it.

One would have expected it: Party rhetoric is made up of formulas used by Lenin and sanctioned by Stalin. Some of these formulas come from Marx, but they went through Lenin.

Research on the matter is facilitated by the Index accompanying the collection of Lenin's works published jointly by Editions Sociales in Paris and the Foreign Language Editions in Moscow in 1972.

The column "Trade Unions in Soviet Russia" presents a subdivision about which Georges Marchais was assuredly not thinking when he made the remarks, the reason for this study: (the trade unions) "as a drive belt between the party and the masses."

A total of 19 references.

What more could one want?

A Single Idea; Several Images

Actually, the formula cannot be found in all the texts to which the index refers. The idea, yes, but not the image. Moreover, Lenin hesitated in his choice of images. He first of all spoke of "gears" in his July 1919 pamphlet: "The great initiative, the heroism of the rear guard workers, concerning the communist Saturdays) ("Works," 29, p 437):

"The idea (of the communist Saturdays) was advanced by the Central Committee of a party (the PC), which has from 100,000 to 200,000 members.... This idea has been taken up by unionized workers. We have up to 4 million.... 200,000 and 4 million: That is the 'gear' ratio, if I may use the expression" ("Works," 29, p 437).

He then went on to speak of the "link" [hyphen] in his opening address at the Ninth Congress of the Russian PC on 29 March 1920:

"Our trade unions have greatly aided in the building of the proletarian state. They have been the 'link' between the party and the millions of ignorant men" (Op. cit., p 472).

Finally, at the same congress, in a speech on economic construction on 31 March 1920, the definitive image appears:

"At a time when we have to link ourselves more closely with the trade unions, watch over every nuance of the trade unions, have a close connection, it is inevitable for the Central Committee to be made up in such a way that there will be a 'drive belt' with the broad masses of the trade unions, a drive belt linking the Central Committee with the common will of the 600,000 members of

the party and the 3 million trade union members. Without such a drive belt, we cannot govern.... We need a link with the trade unions, an organization of the Central Committee enabling it to know the nuances, not only of the 600,000 party members, but also of the 3 million unionized workers, and to lead them at all times as a single man" ("Works," 30, pp 490-491).

The image is there but it does not yet coincide with the idea. The idea is that the party cannot make contact with the masses except through the intermediary of the trade unions. The party forms the first wheel of the gear, the drive wheel, which starts an intermediate wheel, the trade unions, which finally drive the third and largest wheel: the masses as a whole.

Here it is a matter of bringing trade union members into the Central Committee, of strengthening trade union representation on the Central Committee, and it is this representation that plays the role of drive belt between the party and the trade unions.

Curiously enough, when Lenin speaks of "transmission" (and no longer of a "gear") to define the role of the trade unions, he no longer uses the expression "drive belt," but simply "transmission" or "mechanical transmission."

On 30 December 1920, Lenin spoke before the Eighth Congress of the Soviets to denounce the theses proposed by Trotsky in his brochure "On the Role and Tasks of the Trade Unions":

"The dictatorship of the proletariat is inevitable during the transition to socialism, but it is not exercised through the intermediary of the organization bringing together all workers in industry (= the trade union organization, C. H.).... Things happen in this way. The party absorbs in a sense the avant-garde of the proletariat and it is the avant-garde that exercises the dictatorship of the proletariat, but without a foundation such as the unions, it is impossible to exercise that dictatorship, to handle the functions of the state. They must be assumed through various institutions.... The trade unions create the liaison between the avant-garde and the masses....

"It is impossible to exercise the dictatorship of the proletariat through the intermediary of the organization that brings it entirely together. It is not only here, in one of the most backward capitalist countries, but also in all the other capitalist countries that the proletariat is still so broken up, humiliated, corrupt in places (precisely by imperialism in certain countries¹), that the organization bringing it together is incapable of exercising its dictatorship directly. Only the avant-garde which has absorbed the class revolutionary energy can do so. A kind of gear is thus formed. Such a mechanism constitutes the very basis of the dictatorship of the proletariat, the very essence of the transition from capitalism to socialism....

"If there is any 'ideological confusion,' it belongs to Trotsky who, in this fundamental question of the role of trade unions in the passage from capitalism to communism, has lost sight of the fact that there was a whole complex system of gears, did not consider the fact that there can be no simple system because it is not possible to exercise the dictatorship of the proletariat through the

intermediary of an organization grouping the entire proletariat. It is impossible to exercise the dictatorship without having a 'transmission' linking the avant-garde with the mass of the advanced class and the latter to the working class, which in Russia is the peasantry.

"Today, it is a question of approaching the masses, of winning them over, of linking ourselves with them, of setting up the complex transmission of work (the exercise of the dictatorship of the proletariat). It should be noted that when I speak of 'complex transmission,' I am not thinking of the Soviet apparatus (meaning the Soviets who exercise the power of government, C. H.). (....) One finds there (in capitalist society) a proletariat, nonproletarian working masses, a petty bourgeoisie and a bourgeoisie. From this standpoint, even if the apparatus of Soviet government were free of bureaucracy, we would already have extremely complex transmissions."

Although the quote is long, the text has been considerably shortened. Nevertheless, one can still detect one of the characteristics of rhetoric: tireless, obsessive repetition of the same ideas expressed in the same formulas. One does not impose convictions by demonstration, but by repetition.

Transmission Mechanism

The last quote, taken from the "decision" of the Central Committee of the Communist Party of Russia of 12 January 1922, written by Lenin and published in a brochure entitled "The Role and Tasks of the Trade Unions Under the Conditions of the New Economic Policy"²:

"One of the greatest and most threatening dangers facing the numerically weak Communist Party, which, as avant-garde of the working class, heads a vast country...is to be cut off from the masses; the danger of seeing the avant-garde get too far ahead...without maintaining a solid link with the entire working army.... Just as the best factory equipped with an excellent motor and the best machinery will be immobilized if the transmission connecting the motor with the machinery is ruined, our socialist construction is threatened with inevitable catastrophe if the transmission mechanism of the Communist Party running to the masses -- the trade unions -- is poorly adjusted or operates poorly" ("Works," 32, pp 193-194).

One will note that Lenin hesitated between two comparisons: one taken from military life and the other from industrial activity.

If the index we use is exhaustive, one can conclude that the famous formula is a hapax: In the vast works of Lenin, one finds it only once and even that in a somewhat different sense, the drive belt then being what one would now call the trade union section of the Central Committee, the central section responsible, along with the commission by the same name, of overseeing the liaison between the party and the trade unions.

Even where the idea of the trade unions as a drive belt between the party and the masses is the most strongly expressed, in "The Infantile Malady of Communism,"³ the formula is absent.

One can glimpse here one of the aspects of the mechanism of forming rhetoric. The devotion of the faithful has discovered in one of the writings of Lenin an image that has perhaps struck the imagination of one of them and the image has become a formula, but with a slight change in meaning resulting from contamination by other images: "gear," "transmission mechanism," which Lenin also used.

Reutilization of the Formula

On the day that L'HUMANITE published the remarks of George Marchais in Le Havre, it also published a front-page editorial poking fun at the "famous and unusable" CGT "drive belt."

They are not stingy with lies at L'HUMANITE.

The interest of the editorial lay elsewhere, in the temptation to reuse the formula inasmuch as it is definitely impossible to make people forget it, but by giving it another meaning:

"As for the French Communist Party, who could honestly believe it needs a 'drive belt' other than the irreplaceable one woven by its members, militants, leaders and press in order to say what it thinks, popularize the solutions it recommends, act and make people act on behalf of its proposals?" (16 May 1984)

In other words, the drive belt is only the party machinery.

Around 1956, impeded in their attempts to emerge from their isolation and to achieve unity of action with the socialists, through the famous formula that the latter kept bringing up: "plucking the chicken," the communists tried to deprive that picturesque expression of its original significance. They issued the watchword "Let us join together in plucking the reactionary chicken!"

The slogan fell flat.

It would probably be just as difficult to give "drive belt" any meaning other than the one that everyone attributes to it and that indeed belongs to it.

FOOTNOTES

1. Reference to the well-known thesis of Lenin (see the Second Congress of the Communist International) on imperialism, which has enabled capitalism to survive by granting some satisfaction to "the working aristocracy" thanks to the superprofits made by it in colonial and semi-colonial countries.
2. The Editions Sociales published an edition of it in 1949, the first brochure of their "Petite Bibliotheque du Marxisme-Leninisme" with a preface by Gaston Monmousseau, then confederal secretary of the CGT.

3. "In its work, the party relies directly on the trade unions which...are formally without a party. In fact, all the leadership institutions of the vast majority of the trade unions, led by the Center or Bureau of Trade Unions of Russia (Central Council of Trade Unions of Russia), are made up of communists and apply all the party directives. One obtains a proletarian apparatus that is not formally communist, that is flexible and relatively vast, very powerful, an apparatus by means of which the party is closely linked to the class and the masses and through which the dictatorship of the proletariat is achieved under the leadership of the party" ("Works," 31, pp 42-43).

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CSO: 3519/10

CERES, CHEVENEMENT ROLE AFTER PCF-PSF SPLIT ANALYZED

Chevenement Praised by L'UNITE

Paris LE FIGARO in French 11 Sep 84 p 5

[Article by Jean Bothorel: "CERES' Nice Little Windfall"]

[Text] You must admit it was a curious attitude CERES took at the Socialist Party's last executive board meeting. Didier Motchane, the number-two man in this faction, explained last Friday in L'ENJEU magazine that the Left would not be the Left without the communists, and that is only prudent to lend an ear to criticism from the PCF, and to eschew any overt attack. That same Motchane -- seconded by Georges Sarre, another top man in CERES -- told us on Sunday that the blame for the breach in the Leftist Union lay entirely at the PCF's door, and added: "Fabius' style left the communists out of ammunition."

Equally startling was the latest issue of the PS' weekly L'UNITE, which devotes several pages to Jean-Pierre Chevenement, the boss at CERES. Chevenement gets literally canonized for his deft handling of the "school wars." This incredible panegyric, coming on the heels of Laurent Fabius' remarks on television -- the prime minister claimed full credit for that settlement -- strikes one as more than a bit incongruous, if not provocative.

Yet another surprise was the interview-- following formal confirmation of the schism in the Leftist Union -- that Chevenement gave to Franz-Olivier Guisbert in LE NOUVEL OBSERVATEUR, where the education minister states: "The communists have quit the government, but, until further notice, they are still part of the majority. The proper function of the Socialist Party is to 'bring us back together,' as the prime minister reminded us. I cannot see any reason why anyone would exclude the communists, a priori, from that 'ingathering.' The communists have more to offer than their flaws. Obsessive anti-communism, because it invariably obscures the real issues at stake, has never furthered France's interests."

Every bit as incongruous was the sight of Ceres, notoriously opposed to proportional election, coming out last week for it, under pressure from Lionel Jospin's announcement of his preference, "provided there is a fairly sizable proportional content in it."

One gets the very clear impression that CERES, from inside the socialist apparatus, is sticking its neck out, moving into line with the majority faction and, in a way, replacing the now-missing link in the solid Left, the PCF. There CERES has a pretty potent trump card, insofar as the pro-Rocard and Neo-Rocard factions, after their stinging put-down in Laurent Fabius' speech, have in effect lost their identity. Problems for CERES could come from the last of the "true socialists," meaning the little band around Pierre Mauroy, who, we may be sure, will lose no time in laying claim to "the" Leftist legitimacy.

As things stand, then, Jean-Pierre Chevenement and Didier Motchane must devote as much of their attention as they can spare to winning turf in the executive councils of the PS. Accordingly, they have struck an alliance with the "Mitterrandists." CERES has used this tactic before under "historic" circumstances. In 1971, when the socialist party was created, and it allowed Francois Mitterand to become first secretary of the born-again PS; again in 1979, at the Metz Congress, when it dumped the Mauroy-Rocard team in favor of the present Head of State; and, most recently, in 1980, when it squeezed Michel Rocard out of the race for the Elysee.

Two-Pronged Ambition

Today, though, the target for this tactic is no longer to further Francois Mitterrand's designs.

CERES felt thrust onto center-stage when -- and because -- the PS was floundering. Isn't the card it is playing this time called

Jean-Pierre Chevenement? If you don't believe that, just listen to what the Education Minister himself said, mincing no words and adding a dash of cynicism, in his interview with our colleague Giesbert: "That I am in the far-right lane in the government ought not to surprise anyone as knowledgeable as you as to what goes on in the Socialist Party. If you're on a highway and you miss your exit turnoff, nothing is more dangerous than trying to back up."

One need not be a ranking expert on government circles, for that matter, to know that the lines have been cut between Laurent Fabius and Jean-Pierre Chevenement. These two men have nothing in common except their age and their background. They are, however, equally matched when it comes to high ambition. On both sides, that ambition is trained on the same target: the presidency.

Now that the Leftist Union is no more than a mirage, this latent rivalry between the prime minister and the education minister cannot be dismissed as trivial. Laurent Fabius, in fact, has a long way to go in asserting his authority over both the government and the Socialist Party. Jean-Pierre Chevenement and his cohorts at CERES, on the other hand, seem to be swimming like fish in the brackish waters of "disunion."

REVOLUTION Debate Suppressed

Paris LE FIGARO in French 11 Sep 84 p5

[Article by Jacques Fleury]

[Text] All is for the best in the best of all communist worlds. On the morning after the "HUMANITE" subscription party, the Communist daily yesterday morning published an impressive account of how it went: "574,561 admission tickets sold; 6,714 recruits signed up to join the Party; 1,002 joined the Communist Youth Movement, and HUMANITE got 10,158 subscribers." After ringing statements from Georges Marchais and Roland Leroy, placing the Party squarely on the fringes of the Leftist Union, this victory communique comes on like solid popular approval for the decision not to be part of the majority any more. Behind the jubilant trappings, though, it is merely a pose designed to mask the malaise that plagues the CP. That malaise is spreading.

Complete with garlic-redolent margueze sausages, fried clams, and brimming baskets of oysters, the HUMANITE Festival 1984 was anything you might care to call it, except a political rally. Gone were the debates on ideas, the politico-social confrontations. The vast, united, monster rally to denounce the government's economic policy never existed save in the minds of the communist leaders.

Aside from speeches from Georges Marchais and Roland Leroy, this "HUMA" Festival was like as a twin sister to the dear departed "fete a Neuneu."

REVOLUTION, the intellectuals' weekly, which had wanted to use the weekend at La Corneuve to mount discussion forums in advance of the impending Party congress, was sternly brought into line: "Just circulate: there's nothing to debate. People come here only to have a good time."

On the morning after the European elections that confirmed the CP's dwindling electoral clout, the Party leadership had first to face up to the demand for change -- make that the round of grudge settlements to be dealt with. Marchais' authority was challenged, and there were calls for him to retire. Juquin even demanded doing away with the concept of democratic centralism, the idea that underlies all the rules of everyday life within the Party. There was condemnation of its dutifully trotting along at Moscow's heels. A wind of insurrection was rising in the Place du Colonel-Fabien, and stormy mutterings about the need for "an Italian-style cleanup" of the structures of the communist apparatus.

The structures bent, but they held. Marchais had to lighten ship. Promise: the next congress would give rise to a genuine internal debate. Promise: there would be no dodging any question, even if Marchais had to be put on the spot. Still another promise: No

more apologies for Moscow's "imperialist struggles" in Afghanistan or Poland, and no more covering up, as in the Sakharov case, the real problem of freedoms in the Soviet Union.

A Moat Between Leadership and Membership

Summer is over, and the government has changed. After a stormy Central Committee session, Messieurs Marcel Rigout and Anicet Le Pors, to name only two names, hotly opposed the Party's withdrawal from the government coalition -- events proved that the Marchais team was right. The auto-plant layoffs, the whole Creusot-Loire case: "How could communists have sanctioned such a filthy rip-off against the workers?"

The Party's "revivalists" have thus gone back into themauquis to wait for more auspicious times before trying to change the Party from the inside. The "conservatives", "the ones we call Ringards," as one of their platoon leaders, Roland Leroy, puts it, are trying now to muzzle any initiative that might lead to the start of inside dialogue.

Marchais had promised an all-embracing public debate to prepare for the congress: the communist press is back in its oppressive leading-strings. Leroy, from the platform at the HUMANITE Festival, rejoiced over the Party's sterling democratic qualities, as evidenced in its calling meetings of its executive committee three times last summer. Where, though, do you find this democracy, now that communists are no longer free to speak out unless it is to parrot the leadership's whole ideological line, and when the leadership is all the more powerful because the Party hierarchy hand-picks its "permanent" leadership?

The HUMANITE Festival, though, is a double-faced mirror. The leaders climb the speakers' platform and talk to the audience. Facing them, the Party members, having heard no official dialogues, are quick to voice their disapproval when asked. In order to take the pulse of these rank-and-file members, to understand what motivates them, yesterday we "joined the PCF." That was a transaction which, as one Seine-et-Marne member told us, "doesn't cost much and can really pay off because there is no initiation fee and once you're in, the communists take care of you."

With the registration formalities (name, date of birth, marital status, and name of the section that will get in touch with us "within the next 2 weeks" to "confirm your commitment,"), got down to motivations, which provide an easy opener for conversations. Were people taken aback by the Secretary-General's curt statements? The replies were -- barring a word or two -- almost always the same: "We were right to pull out of the government. It is not possible [for us] to approve of unemployment and the giveaways to capital. But they (the leadership) are wrong to say that we are no longer part of the majority. There is no way to draw a line through all

through all the battles we have gone through with the socialists, either in the towns or in the plants. Maybe we don't quite agree any more, but we have to bring pressure to change policy, but we mustn't just toss everything away. We mustn't let anybody have reason to charge us with playing the Right-wing's game."

Between what the hard-core membership says and the statements of the leadership there is now a deep moat of mistrust. The next Central Committee meeting, scheduled for Monday 17 to Wednesday 19 September, will give us a little clearer insight into the internal clashes and the power relationships inside the PCF. For the time being, the "Leroy-Marchais clan" is engaged in a full court press to stifle this internal debate, aiming its arguments at the hard-core militants, the ones who are "fed up with socialism."

Continuity Below National Level

Paris LE FIGARO in French 11 Sep 84 p 5

[Article by Nicole Kern: "Divorced, but Together at the Polls"]

[Text] Although events of the week-end put the official seal on the split in the Leftist Union, life goes on: on Thursday -- absent some sensational unforeseen development -- Jean Poperen, number-two man in the Socialist Party hierarchy, and Maxime Gremetz, his opposite number in the Communist Party, will meet, as they already have on several occasions, to talk about the upcoming cantonal elections.... As if to say that while there has been a rift at the top, there has been no damage at the intermediate level and the base is holding fast. The PC will accept no further responsibility in the management of affairs at the government level, but will continue to deal with the bread-and-butter issues at the local community level: general councils and regional councils.

Marcel Debarge, National Secretary of the PS and its maven on local communities, was wondering aloud yesterday morning during a discussion of the Socialist Party's weekly magazine about the repercussions that might be felt, in the wake of the national alienation, on management at all levels. He was also wondering if, in preparing for the cantonal elections, the Party ought to go beyond a simple agreement to drop the whole thing. He said that the PS was ready and willing to go on managing the Leftist Union. If it no longer exists at the summit, though, can it be kept viable at the grass roots?

It's All So Hazy...

We can get an idea of what could happen if we go back to the days of 1977-1981. At that time, the local communities were managed without overmuch damage. Right now, the PC's shrinking vote, combined with changes in the electoral laws, means that the communists no longer occupy positions of strength: in many of the

PC-managed municipalities the Party no longer has an absolute majority, and must reckon with the Socialist Party. Given these conditions, it is quickly obvious that it is time for some soft-pedaling.

There is every reason to believe that we are going to see some split-level policy here: a clean break at the national level, and a continuation of joint management at the other power echelons. Already soundly trounced at the last municipal elections, the PC can no longer afford to stake its influence on the municipalities run by the Leftist Union. So there will probably be no petty war over retiring elected delegations in the municipalities.

At the departemental level, the Communist Party's power is far less tangible: of 36 departements run by the Left, the PC holds only three general council chairs: two in the Paris region, Seine-Saint-Denis and the Val-de-Marne, and Correze. There, though, you have a special case, since the chairman is communist and the majority belongs to the opposition. Lastly, the PC no longer holds a single regional council chairman's seat, while the non-communist Left sits in nine.

It is a good bet that the confrontations will continue at the national level, and for that matter the socialists are planning to grill the communists after their CC meets early next week, in an attempt to force them to spell out "several positions that are still hazy." They want to take the debate to the electorate, and let the voters decide who is to blame for the breach. Meanwhile, everyday life in the jointly-run local governments should muddle along pretty much as it always has. It is hard to see what advantage the communists could hope to gain by boosting the acrimony level.

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CSO: 3519/23

PSF LEADERS BLAME PCF FOR LEFT-UNION SPLIT

Paris LE MONDE in French 11 Sep 84 p 6

[Article by Thierry Brehier: "Executive Committee Meeting: Socialists Blame the Communists for the Split"]

[Text] In 2 months, they went from a low point to the surge that gives hope of a turnaround in opinion! The leaders of the Socialist Party [PS] meeting as the executive committee this weekend in Paris, were able to measure the distance they have covered--even without having been the driving force--since their last meeting on 30 June and 1 July. Lionel Jospin admits that the turn the school debate took at that time raised the question of whether the left would be able to continue to govern until 1986!

Today, following the initiatives taken by the president of the Republic--which Alain Richard called the "continuous feat--," the PS leaders are picking up hope again. The result: the ideological quarrels which in the spring seemed to be preparing for a settling of accounts that would not fail to follow a defeat in 1986, now appear to have been pigeon-holed, everyone acknowledging in speeches as in behavior that the battle will be won or lost in unity. Although the battles between groups have not vanished--far from it--, they are more like conservative measures for the control of the apparatus than profound differences of opinion on the policy to be conducted. Each side has thus shown extreme prudence.

All of this produced an executive committee meeting characterized as much by the members of CERES [Center for Studies, Research and Education] as by the friends of Mr Mauroy or the neo-Rocardians a "lifeless meeting", "discreet", even a "flat electroencephalogram."

Three topics of discussion nevertheless dominated the debates: relations with the PCF, the party's place by the side of the government and the functioning of the PS organs.

Recent statements by Roland Leroy ("We are no longer in the majority") /cannot fail to cause a reaction/ [in italics]. Hence the questions raised by Mr Jospin: "If the PCF is no longer in the majority, where is it? Could the PCF be a fat Jobert? Or else is it in the opposition? But then...it is in the right... If it is in the opposition, or if it is no longer in the majority..., must we in the PS consider it a political partner?"

And the first secretary of the PS wonders if it is still possible to maintain contact and discussions between the two organizations when there is no longer any "political contract."

No one wants a total split with the PCF, but there is some discussion on the way to proceed. Guy Allouche, the first secretary of the Northern Federation (which is close to Mr Mauroy), wants a summit meeting; the neo-Rocardians would at least like the PS to "question" the PCF concerning precise questions (the automobile, for example) to keep it from closing itself off in a purely negative attitude. The Socialist leadership is refusing; first, the Communist leaders must tell us where they stand.

A debate on form and therefore not basic. There is total agreement that the Communists are solely responsible for the split: "It is because of the PCF's contradictions," says Georges Sarre (CERES). "The Fabius style is not to give the PCF any arguments," confirms his companion in the same group, Didier Motchane. The same reasoning, therefore, as that of the first secretary. Mr Jospin explains: "The reason for the departure is to be looked for in the PCF itself..., in the questioning going on there on its historic function..., on its future in a society such as ours...For the Communist ministers to be removed was perhaps...to remove from the Communist organization that ferment, that element of agitation, that element of continuous concrete contradiction" that was participation in the government.

The Real and the Ideal

The differences are more appreciable where they concern the role the party must play opposite--or beside--the government. They are in agreement in recognizing, in self-congratulation, that since the government plays the management game, a much larger space opens up for party action. But there are those who, like Christian Goux (a Mitterrandist), believe it is urgent to attack "the basic evolution of our society", meaning "the deepening of the crisis..., the appearance of a new individualism...and the greatest adversary of our solidarity ideal...," Mr Goux continues, "is the desertion of the French from the great causes, the lack of interest in collective planning, this phenomenal indifference to others."

There are also those, in CERES, who continue to deplore the economic choices made in March 1983, but who recognize that it is no longer possible to go back; thus, to Mr Sarre, the party must continue to demand a "strong shift" in monetary, budgetary and commercial policies, and must be more profoundly "responsive to our defeat in that connection." And then there are all the demands for the government to take precise action: employment (which must be discussed with the trade unions, Mr Chapuis says), social protection (the inegalitarian consequences of which worry the Rocardians and neo-Rocardians), the new poverty (the development of which worries everybody), the schools (Rocardians and neo-Rocardians are amazed at the failure to stress the renovation of teaching, while the school failure "remains a reality", which earns them a rather strong response from Mr Poperen). Mr Jospin meant to reassure his friends about all of that: "With this government, as with the preceding one, the Socialist Party has to continue to insist on what seems important to it, to demand what seems to it to be necessary." But how far should they go?

The debate has not changed since the beginning of the Fifth Republic. In the opinion of Louis Le Pensec (Rocardian), the matter is understood, it is only possible to be an old-shoe party, which is what the institutions want; he is even worried that certain statements of Socialist leaders may resemble interpretations or corrections of a government speech that "speaks the truth." Because, says his friend Mr Chapuis, "we will be more than ever committed by each one of the decisions to be taken by the government." For him, there is great danger of "double talk": "that the government applies to what is real...and the party applies to what is ideal."

The neo-Rocardians are saying the same thing: "the party must not be the keeper of the faith that averts its gaze from the government's daily sins." Moreover, it is because they believe that the final motion would not sufficiently demonstrate support for the government that they abstained from voting for it.

However, at the same time, the friends of Alain Richard hoped that the party would take the lead over the government, would think over the important matters that are to come up, so as not to appear to be endorsing the government's decisions after the fact.

Criticism from the "Mauroyists"

The "Mauroyists" share that analysis. "The Socialists must not appear to be just the backing for the running of the government," said Bernard Derosier. And Philippe Lentschener, the youngest member of the executive committee, asked his party to throw itself into the sweeping social innovation initiatives, evoking the "free TV"; in a pastiche about the prime minister, he asserts, "to be the party of its time, it must be ahead of its time."

Mr Jospin had a strong reply to the words of the former prime minister's "friends" at their Valence meeting (LE MONDE, 28 August), especially the statements of Mme Françoise Gaspard. The first secretary had a few provocative phrases: "The government's policy must be judged on its background and not in terms of participation in the government"; "If some people judge the present not on the basis of our principles, but on the basis of the past, then there would be a great temptation to also judge the past on the basis of our principles"; "I ask myself if some people are not measuring the party's performances by the yardstick of their own incapacity or their own inertia."

It is true that many "Mauroyist" speakers had placed the accent on the party's operating inadequacies. But the reply appeared to be so strong that Roger Fajardie, who is loyal to Mr Mauroy, expressed his astonishment publicly. Mr Fajardie, like Mr Le Pensec, also criticized the attacks against the leftist Christians broadcast by certain party leaders, recalling that in Epinay in 1971, the decision was made to cover all the space between the PCF and the center.

Another question to be settled: is it or is it not necessary to begin immediately to prepare the program to be submitted to the French people in 1986? "Yes," say the "Mauroyists" and the neo-Rocardians; "Probably," say the Rocardians. "No," says Mr Jospin. It will be time for that "in 8, 10 months," he says, to do it now "to play the right's game, especially Chirac's game, because it would be to raise for ourselves the problem of advancing the deadlines."

In the meantime--and because the rank-and-file "need to discuss and to act"--, the PS is going to launch two campaigns: one internal, for reflection and analysis in the sections and federations on "modernization and social progress", which will conclude with a national convention; the other directed toward the outside, which will see the rank and file discussing in all the public places, to learn how the French are living today, under the heading of "direct from the Socialists to you."

The Final Resolution

In the final resolution, which was unanimously adopted with six abstentions (those of the "dissident" Rocardians), the executive committee of the PS affirms that the initiatives of the president of the Republic "have enabled the creation of a better climate for the democratic way of life" and indicates its agreement with the objectives--"to modernize, to rally"--of the government.

"The policy of stabilizing our economy will be continued," the text comments. "This will require effort, solidarity and courage on the part of all; this will require of our party, in the same manner, a language of truth, a series of actions making it possible to anticipate public opinion in order to explain, to communicate, to question, to put across our language of truth.

"Modernization...is the condition required for the coming development of employment. It will be all the better realized because the conditions of social justice will be guaranteed, by means of an ongoing effort to distribute the wealth by, among other means, an equitable system of taxation.

"The battle for employment requires the rallying of all energy, first the popular forces. But see how, after they refused to participate in the government, after they announced a kind of a la carte support, one might wonder if the leaders of the French Communist Party are not now moving toward a genuine split. If so, they would be assuming a heavy responsibility in dissociating themselves from the left when the latter's activities were at a crucial stage...

"To pursue, under the best conditions, the indispensable modernization of the French society (especially its production equipment) involves engaging earlier in dialogue and collaboration with all of the trade union forces and the forces associated with them. This involves budgetary and credit policies releasing additional possibilities for investment. The initiatives that the Socialist Party is starting up are designed to mobilize all energies for the success of the government's policy.

"With this in mind, the executive committee decides:

"-To hold a Socialist Party convention on 'Modernization and Social Progress';

"-To organize a broad information campaign and debates with the populace on the theme, 'Direct from the Socialists to You'."

SAVAG SAID TO SHIP RADIOACTIVE WASTE, CLANDESTINE GOODS

Paris NATIONAL HEBDO in French 21 Sep 84 p 3

[Article by Roland Gaucher]

[Text] The COGEMA [Nuclear Materials Company]... In reading LE MONDE on 14 September, we find that this name appeared on the sides of the freighter "Mont Louis" carrying toxic wastes.

We have heard very little about the COGEMA. It is a subsidiary of the Atomic Energy Commission. Under Pompidou, some agreements were signed with the Soviet government. These agreements called for toxic and radioactive wastes to be shipped to the USSR to be reprocessed there.

After all, of what use are these wastes? We really don't know. The government doesn't say too much about this topic. And why should they be reprocessed in the USSR? That question doesn't seem to have occurred to anyone. But it still deserves to be asked. For there are reprocessing plants in France, such as the one in La Hague.

In a recent story in the newspaper PRESENT, Mathilde Cruz expressed her amazement, and for good reason, about the deep silence maintained by Haroun Tazieff on the "Mont Louis" episode. God knows, though, that he is normally never at a loss for words. As soon as there is a hint of pollution in any corner of the planet, we see this well-known "chatterbox" on the television screen. As the head of some group or other--after all, a person does have to keep going somehow--he will talk endlessly about the toxic dangers threatening us.

But in the "Mont Louis" affair, silence from the antipollution volcanologist. Somewhat mockingly, Mathilde Cruz commented on this unprecedented silence, with which it seems the Kremlin might have something to do.

Haroun Tazieff finally did resurface. He said nothing at all, and immediately returned to his silence.

Some people have told me that we might find some sort of answers about the "Mont Louis" freighter in the SAVAG. This is a Franco-Soviet shipping company located on Rue Brunel in Paris, with offices also in Le Havre. This company, which encompasses the Worms shipping company and representatives of SOVINFLLOT (see our document below), is rumored to be engaged in the transport by freighter of toxic wastes and materials that are not supposed to appear in official documents. Some such materials might even be headed for the famous gas pipeline.

Articles of Association

SAGMAR [Franco-Soviet Shipping Agency], a corporation being established with capital of 300,000 francs. Headquarters in Paris, 9th arrondissement, 50 Boulevard Haussmann.

The undersigned:

- a. Worms Shipping and Coalmining Company; permanent representative, Mr Jean Bucquet, 50 Boulevard Haussmann, 75009 - Paris.
- b. Mr Roger Lachevre, 7 Avenue Jean Mermoz, 95100 - Pontoise.
- c. Mr Jacques Villotte, 12 Avenue de la Pommeraie, 92210 - Saint-Cloud.
- d. c/o SOVINFLLOT; permanent representative: Mr Georgii Maslov, 1/4 Rue Zhdanov - Moscow.

Such shipments were allegedly arranged in secret agreements made between the Soviet government and Giscard, within the framework of the Franco-Soviet high commission.

That is what I have been told, and I am reporting it as hearsay, surrounded by "ifs." SAVAG may issue a denial. But remember one thing: despite a law passed in 1975, there is no control at all of toxic or dangerous wastes. A recent Senate report has confirmed this.

7679

CSO: 3519/9

PSF-PCF DISCORD EXAMINED AFTER CENTRAL COMMITTEE MEETING

Jospin Sharpens His Tone

Paris LE FIGARO in French 24 Sep 84 p 8

[Text] The PS [Socialist Party] is angry. After the communist decision to leave the Union of the Left the PS made use of the weekend to launch its campaign of "response to questions" before the voters of the Left. Lionel Jospin, who was in Conflans-Sainte-Honorine, the city of Michel Rocard, on 23 September, did not mince words. Before party members of the Department of Yvelines who had met for a "festival of roses," he was asked about the attitude of the PCF which, during this period of economic difficulties, "has taken a negative attitude toward Francois Mitterrand and a positive attitude toward Chernenko." Jospin stated: "We wish that those who are so considerate of others would be less critical of us, particularly when they have shared power with us." He added: "the fact of governing in conjunction with the Communist Party was also a problem for us socialists."

Jospin also condemned the attitude of the PCF toward layoffs in factories. The PS leader said to Socialist Party members of Yvelines: "You should ask the Communist Party members in the factories why they are so demanding toward us and why they don't take participate in activities on the shop floor, where the situation is much less satisfactory for the workers."

The first secretary of the PS explained in addition that the actions taken by the state were not less advantageous toward the workers than they were before May 1981 [date of the presidential elections]. He added: "As long as we had economic growth, we accepted these actions by the state. Gradually, as we have entered a period of crisis, people have only wanted to look at the unfavorable aspects of actions by the state."

Jean Poperen was a guest of the Club de la Presse [Press Club] and also participated in this campaign of questions for the information of the voters. This is a program which will be expanded in the course of the next few weeks to place the communist leaders in a difficult position in the eyes of their supporters.

Jean Poperen: Still a Union

Paris LE FIGARO in French 24 Sep 84 p 8

[Text] The meeting of the Central Committee of the Communist Party was not a particularly significant event. Jean Poperen, the second-ranking leader of the Socialist Party, minimized the meeting on 23 September at European Press Club No 1. In his view the important question for the Left is to know now what attitude the PC [Communist Party] will adopt politically during elections or when society is faced with major choices.

He explained: "The Union of the Left was a structural formula for an alliance between two parties. What is more fundamental than that, and of which the Union of the Left, an agreement between organizations, was the expression at a given time, was the feeling among so many people, so many millions of people, that it was in their interest to act together because they had the common objective of carrying out progressive changes. That was the fundamental choice involved in the common program. What is fundamental for us is the union of the people of the Left. How does that work out in concrete terms as the tactical situation changes? In the future, if new agreements of this kind are made, perhaps things will work out differently."

A union at the base of society, advocated by the Communist Party, is not a surprising development. That has always been the communist slogan. Poperen continued: "This is the oldest story of all—I was going to say the most archaic slogan of communist political thought." It remains to be seen how the Communist Party will carry out this program of mobilization and on the basis of what themes. Poperen continued: "The leaders of the PC will give their answer at the right time. Will they draw the conclusion from their attitude toward the government that nothing further can be done with us? In any case, we socialists continue to think, as we have thought for a very long time, that the union of all of the forces of the people, or what is more conveniently called the Left, has been the condition for success. It remains a condition for success, and we will continue to work in favor of it as we have done in the face of other disappointments and at other times."

Jean Poperen has been asking himself about the causes which led the PC to withdraw to the sidelines. He does not reject doctrinal causes out of hand—although he says: "I do not believe in the idea of directives reportedly given to the PC by Soviet leaders." He believes that the tension does not result from concerns over international politics. He says: "I have noted that on the eve of major, worldwide negotiations there has been a certain hardening by the Communist Party in its relations with the government majority parties and with the government. We have a duty to reflect on this kind of coincidence."

In the view of the socialist leader, it is wrong to say that the "social democratic line of the PS" is the cause of the break. He stated: "We were a social democratic party when we signed our 1971 program, our common program in 1972, and our socialist program. We never said anything else. If they had wanted to make an issue of it—excuse me for putting it this way, though I don't think this will annoy anyone—they could have joined Krivine's Communist League."

In his view, this change of direction on the part of the PC should not change social relationships. He said: "I would remark even so that, for the past 3 years, and among many other achievements of a government of the Left led by the socialists, there is something which even our adversaries should have recognized from time to time. Due to the contacts which we have had and which I think we will continue to have with the world of the workers, never since the Liberation has France known such a period of social peace."

PC: Criticism of Georges Marchais

Paris LE FIGARO in French 24 Sep 84 p 7

[Text] A revolutionary party cannot remain in a position where it is taken in tow by a government which sacrifices the interests of the workers. Summarized brutally, that is the sense of most of the speeches made during the 3 days of the meeting held by the Central Committee of the PC. The tone of the discussions as a whole was contained in the speech made by Georges Valbon at the beginning of the Central Committee meeting. It was Valbon's resignation as president and director-general of Charbonnages de France [French Coal Mining Enterprise] which was an early sign of the subsequent divorce between the PC and the PS. He said: "Nothing can be substituted for the struggle carried out by the people. The struggle of ideas is important for the clarity which it sheds on the origins of the crisis, on its consequences, and on the ways to get out of the crisis. For that purpose we need, not a spiritless party but more than ever a revolutionary party in terms of its actions as well as in its functioning."

In the course of this session of the Central Committee 81 communist leaders spoke. And—an unusual fact—L'HUMANITE on 24 September published extracts of this discussion. This was one way of demonstrating that the discussions were not as violent as some people said they were and that the authority of Georges Marchais had not been questioned.

However, these published versions did not faithfully reflect the nature of the discussions. The editing of the speeches was left in the hands of each person who spoke, and they were prudent in the published version of what they said. The discussions at meetings of the Central Committee remain secret, as they are held behind closed doors, while the published material in L'HUMANITE will be for the benefit of party members and the libraries of the party cells.

'The Party Is Mature'

This method of presenting an account of the discussions provoked some questions. For example, Jean-Claude Gayssot, the party official responsible for the companies sector, came to the assistance of the secretary general of the party. According to the summary of his remarks, he criticized Yvan Tricard, federal secretary of the Department of Essonne, who had questioned the position of Georges Marchais. Gayssot said: "I would like to register my disagreement with the method which consists of considering that, if our enemies attack the secretary general, we must assume they are right."

No trace of this questioning attitude in the summarized remarks of Yvan Tricard. In spite of everything he displayed a critical attitude: "Following the delivery

of the report by Georges Marchais, I ask this question: does the report reflect the political situation and the expectations of the communists?" This report, he said, does not take sufficiently into account the interests of all communists. "It is long and gives the impression that everything is settled. We must correct this impression." In his remarks as delivered Yvan Tricard reportedly measured his words much less carefully before the Central Committee.

The only leader not to have voted to endorse the report of Georges Marchais was Felix Damette, who expressed himself as follows in L'HUMANITE: "We are in a situation which raises the question of party unity. To deal with this in a positive way, it is important to consider that the party is mature and able to carry on a responsible and effective debate without any need to program the discussion from one end to the other. Party unity can only exist in a solid fashion on the basis of confidence in the party."

5170

CSO: 3519/15

BRIEFS

SOVIETS PRESSURE CHEYSSON ON AFGHANISTAN--Vorontzov, the Soviet ambassador, is a man with no inhibitions at all. He has just contacted Cheysson [minister of external relations] to get him to put a stop to Afghan activities in France. It seems that Cheysson's services did promise to do something to keep those damned Afghans from complaining in France that they don't want their country to be occupied. [Text] [Paris NATIONAL HEBDO in French 21 Sep 84 p 3] 7679

'FRANCE-AFGHANISTAN' PCF ADJUNCT--Watch out! Unlike what people might think, "France-Afghanistan" is not an association made up of French human rights advocates and Afghan resistance activists. It is just a simple adjunct of the Communist Party, in close contact with the Kabul government. It has just received a large amount of money from the PCF, and as a bonus, an organizer in the person of Henri Alleg, an ardent Bolshevik, who after lying about Algeria, is well qualified to do the same about Afghanistan. [Text] [Paris NATIONAL HEBDO in French 21 Sep 84 p 3] 7679

JOSPIN ON LEFT UNION--Lionel Jospin, first secretary of the Socialist Party, said on 16 September that "the Union of the Left at present does not exist," due to the attitude of the PCF [French Communist Party]. He was the first invited guest on "Midi-Presse" [Southern Press], the new political program of television channel TF 1. Jospin stated: "The Union of the Left, as a political formula, still exists for us as a prospect for the future. However, I think that the decision of the Communist Party, not only to leave the government but then stating that the party no longer is part of the majority supporting the government, has meant in effect that the Union of the Left no longer exists, due to the absence of the Communist Party, one of the partners." However, asked about the attitude which his party would adopt toward the PCF at the time of the forthcoming cantonal [local government] elections, Jospin emphasized that, as far as the Socialist Party is concerned, "the rules are clear. They continue to be that other candidates of the Left will withdraw from the second round of the elections in favor of the Leftist candidate in the best position." On the eve of the meeting of the Central Committee of the PCF, the top-ranking socialist leader considered that, "if the Communist Party does not reorganize its structure and reconsider its political program, its political decline will continue." [Text] [Paris LE FIGARO in French 17 Sep 84 p 7] 5170

AGITATORS TRAINED IN LIBYA-- Colonel Qadhdhafi has stated that his country did not have to intervene in the affairs of the overseas territories and departments and that these were problems that France would have to settle with the peoples involved. What is one to make of this? For the time being, Libyan embassies have received no order from Tripoli to change their line of conduct. Aid is still supplied to anti-French agitators in New Caledonia and Guadeloupe. Pro-independence militants are still sent to Libyan terrorist schools. New contingents will arrive in Tripoli next week. [Text] [Paris LE FIGARO in French 25 Sep 84 p 6] 11,464

CSO: 3519/10

POLITICAL

GREECE

BRIEFS

RELATIONS WITH HUNGARY--Deputy Communications Minister Kostas Aslanis met today with Laszlo Toth, Hungarian deputy minister of transportation [name and title as heard] to discuss bilateral cooperation in the field of transportation. During the meeting they noted with satisfaction the progress that has been made in recent years for the benefit of the two friendly countries and of their people. [Text] [Athens Domestic Service in Greek 1230 GMT 4 Oct 84 NC]

CSO: 3521/24

COMMENTS ON AVAILABLE PRESIDENTIAL CANDIDATES

MAD on Presidential Profile; Pintasilgo

Lisbon EXPRESSO in Portuguese 22 Sep 84 p 1

[Text] The Movement for the Study of Democracy [MAD] will "intervene in the national debate" over the next elections, issuing a communique in which it draws a profile of the ideal candidate. According to MAD, the next president cannot be a "president-arbiter," but rather a president with a "unifying political-cultural project," a "moral, cultural and political figure" with a "well-rounded cultural background," capable of understanding the complexity of the world situation, who must have the "moral capacity" to remain totally independent of "power games." MAD appeals to the citizens and parties to present candidates who fit this profile. According to information obtained by EXPRESSO, MAD would be prepared to support the presidential candidacy of Maria Lourdes Pintasilgo, whose "profile" appears to match the characteristics of the "ideal candidate" described in the communique, despite the opposition of Melo Antunes to the former prime minister.

Possibility of Balsemao Candidacy

Lisbon O JORNAL in Portuguese 21 Sep 84 p 10

[Excerpts] Pinto Balsemao could replace Mota Amaral in the contest for nomination as the PSD [Social Democratic Party] candidate for the presidential elections. The former president and founder of the PSD and former prime minister did not confirm this possibility, but he would not deny it, either.

The possibility of a Pinto Balsemao candidacy, which we first advanced in early September, has become more viable with the withdrawal of Mota Amaral, recently announced by Amaral himself. "The possibility of a candidacy for Belem is very remote," he explained.

In the last few days, rumors have been growing in political circles that Balsemao and some of his political friends, including A. Goncalves Pereira, are making national and international contacts to assess the possibility of a candidacy.

Mutual Support

Mota Amaral and Pinto Balsemao have supported each other within the PSD. Mota Amaral supported Pinto Balsemao, even in defeat, and Balsemao returned this loyalty at the Congress of Braga and with respect to a possible candidacy for Belem. With the defeat in Braga and now with the withdrawal of Mota Amaral, Pinto Balsemao, who has good international contacts and is president of the IPSD (Sa Carneiro Institute), an organization financed by the Germans, emerges in a prominent position.

Ambiguity and Sacrifice

Like the (Mota Pinto) motion approved in Braga, which O JORNAL has already printed, the PSD/PS [Socialist Party] accord, signed on 4 June 1983, is ambiguous. "Regarding the next presidential elections, which will not affect the present agreement, which will be maintained in any case, the two parties agree to work together at the suitable time to define a common strategy which will meet the legitimate aspirations of each of the parties, without prejudice to their privilege to present their own candidates," the document reads. The accord permits of any solution that is presented--just like the motion recorded in the Braga Congress--by the Political Commission for approval by a National Council.

PSD: Candidate To Win?

Mota Amaral has already withdrawn from the presidential "primary" race; Alberto Joao Jardim has refused to be the "Otavio Pato of the PSD," the expression used by O JORNAL.

PSD president Mota Pinto has only two possibilities: a military candidate to regroup forces close to the AD [Democratic Alliance] or a candidate to transfer votes to Mario Soares in the second round, with the PSD candidate to become prime minister. As we have already said, Mota Pinto would like Mario Soares to agree to a common candidacy, which appears highly improbable unless the candidate presented by Eanist circles appears capable of defeating the current prime minister.

If the PSD votes go to Soares in the second round, then the first-round candidate would be "sacrificed." In that case Mota Pinto would not oppose a candidate from his opposition. Pinto Balsemao was prime minister of the Democratic Alliance and president of the PSD, succeeding Sa Carneiro, and he is the only founding member who is still in the party.

Mota Amaral Distances Himself

Lisbon TEMPO in Portuguese 20 Sep 84 p 8]

[Text of interview with Mota Amaral, PSD leader in the Azores, by Jose Nunes, in Ponta Delgada, date not supplied]

[Excerpts] Ponta Delgada (TEMPO)--"My presidential candidacy has always always been a remote possibility, since it was and is a matter for the deliberation of the competent organs of the PSD and involves

political commitments at the regional level," Mota Amaral, leader of the PSD [Social Democratic Party] and of the government in the Azores, told TEMPO. In his interview with us, Mota Amaral also said he did not fear the appearance of a new party, since "from the statements made to date, it would clearly be situated in the area of the PS [Socialist Party] and the PC [Communist Party]."

TEMPO: Under what political-social circumstances would you consider competing in the race for Belem?

Mota Amaral: The presidential candidacy has always been viewed as a remote possibility, since it was and is a matter for the deliberation of the competent organs of the PSD and involves political commitments at the regional level. The idea was launched by individuals and sectors with which I have worked actively in the party, and the purpose was to dynamize the PSD, as an innovative factor in Portuguese society, a change of political habits, an appeal to the moral energies and reserves of our people to solve, with enormous sacrifice, the serious problems of development. Only within such a perspective--and not to leave everything as it is, as if we were living in the best of all possible worlds--would I be motivated to be a possible presidential candidate.

TEMPO: If no such prospect is there, whom would you support for the presidency: a politician or a member of the military, a candidate supported by the PSD alone or together with other parties--and which parties?

Mota Amaral: In a presidential election, there is more involved than the person of the candidate; there are the objectives of the candidacy and its viability. To begin with, I am disposed to support a candidate who is a PSD militant and who has a serious possibility of winning. Obviously, that possibility depends on the program to be presented to the electorate, and hence on the strategy adopted by the competent organs of the party. I have already expressed my views on this matter.

TEMPO: How do you feel about the creation of the Eanist party, and what political space do you think it could come to occupy in the nation's party picture?

Mota Amaral: I am not at all concerned; freedom of association is essential to a democratic society. From the statements forthcoming up to now, the party born of the former CNARPE [National Action Committee to Reelect President Eanes] will clearly be situated in the area of the PS and the PC.

TEMPO: In your opinion, could a new party leadership emerge from the next PSD National Council or do you advocate retaining Mota Pinto? Aside from Mota Pinto, what other coreligionists do you think could take over the leadership of the Social Democrats?

Mota Amaral: Changes in the political leadership are made in the congress. The PSD must assume its responsibility as a stabilizing element in our country's regime. It is also the responsibility of the congress to consider the alternatives.

TEMPO: Do you think that today the military could be the reserve to guarantee democratic liberties in Portugal?

Mota Amaral: No. In a democratic society, this question should not even be asked.

Jardim In, Mota Amaral Out

Lisbon EXPRESSO in Portuguese 22 Sep 84 p 18R

[Article by Teresa de Sousa]

[Excerpts] Today, Alberto Joao Jardim is clearly one of the potential candidates for the [PSD] nomination, since his most recent political theories are more and more closely approaching those of Rebelo de Sousa and his criticism of the government (i.e., Mario Soares) has risen sharply.

In turn, the Marcelo Rebelo de Sousa-Jose Miguel-Santana Lopes faction openly supports Jardim's candidacy, in many public statements that go along with so many other positions of the Madeiran leader.

Jardim In

"And why not?" asked Jose Miguel Judice, adding that "the PSD militant in the best position to run for Belem is Alberto Joao Jardim," perhaps "the only way the PSD can mobilize its electorate and a substantial part of the discontented members of the Portuguese society." The strategists of the Madeiran's candidacy argue in his favor that Jardim has a way of making politics which the intellectual microcosms in Lisbon may reject but which is pleasing to a rising middle class, to the post-25 April "self-made men" who are worth 5 million contos but who are still in the habit of wearing flashy shirts, eating in Odivelas and banging on the table with their fists, and Jardim also has the advantage of pitting himself against a political system in "slow death" and is not overly committed to the "central block" (although he has already defended it). He also presents an anti-Fanist "curriculum" which is more than adequate to fill this other essential condition.

Regarding the "American type of presidency" which Jardim advocates for Portugal or regarding his possible ambition not only for a candidacy but for a leadership position, Marcelo and his supporters say they are not very concerned. And they note that their strategy has a time limit...

Between Madeira and the mainland, without seeking to "demobilize" supporters, Jardim is trying to play down the visible signs of his availability with one or another statement to the contrary.

But the fact is that the president of the Regional Government of Madeira, in the middle of a regional campaign for legislative elections in the archipelago, cannot say that he is running off to make a career on the "detested" mainland. It remains to be seen what his position will be after 14 October, after the more than likely confirmation of his political hegemony in the islands.

--And Mota Amaral Out

[Balsemao's] Azorian rival is in precisely the opposite situation. In January 1984, the PSD began collecting signatures to present Amaral as a candidate to Belem. In September--more precisely, last week Mota Amaral stated publicly that he had never taken such a campaign and such a candidacy "very seriously."

If the defeat of the line of his supporters at Braga had already ruled against Mota Amaral's candidacy for Belem, why is the president of the Regional Government of the Azores now returning to the charge, more and more ruling out any possibility of salvaging his candidacy?

The answer comes from his own supporters: Mota Amaral's statements must be understood in terms of the situation in the Azores, where he runs the risk, not precisely of losing the regional elections on 14 October, but of seeing his usual electoral "score" reduced in favor of the local opposition. And they admit that, if this happened, it would be still another factor against his hypothetical journey from the Azores to Belem Palace.

Oddly enough, the faction supporting Mota Amaral--the only one which came to Braga with a presidential candidate--now sees itself as on the defensive on this issue which it always pointed to as "pivotal" and "urgent."

It is not surprising, then, that a different way of thinking is beginning to take shape among its members, according to which, because the viability of the Azorian leader's candidacy was lost in Braga--for which Mota Pinto is to blame--the only path left to the PSD is to find "the best possible candidate" to "save the honor of the convent," revitalizing the party, restoring the identity which they say has been lost, saving the party's face, but--agreeing to vote for Soares in the second round, with this "shade of difference" in relation to other strategies along the same line: there is no need to negotiate with the PS, not before, not during and not afterward.

Within this scenario of the apparent withdrawal of Mota Amaral, the possibility is slowly emerging of another candidacy along the same lines: the candidacy of Francisco Pinto Balsemao, whom some see as meeting the conditions for an "acceptable" outcome.

Candidates Reviewed: Reasons, Advantages

Lisbon SEMANARIO in Portuguese 22 Sep 84 pp 4-5

[Article by Edgar Andrade]

[Text] A year and a month from now the period will run out for the presentation of candidates for the presidential elections in December [1985].

Who is still in the race? Who is already out of it? Who is on the scene but has not shown any signs of advancing? Who is promoting himself, even with a shortage of means and no significant support to date? What are the names that are now beginning to be talked about as potential candidates, although they

are highly theoretical? Finally, which candidates who are being mentioned are maintaining total silence, keeping their activity completely under wraps?

The answers to these questions are contained in the brief dossiers which follow. They cover 10 personalities of our political universe! The mere enumeration makes it clear that the issue of a presidential candidate is peacefully settled only in the PS [Socialist Party]. To its left, specifically, only one controversial name has emerged, and another name is resurfacing as a possibility. To the right of the PS, many names are mentioned, and possibly not all of them yet.

The race has been going on for a year, but the National Council of the PSD [Social Democratic Party] this weekend signalled the beginning of a new phase, which will end in December 1984--the phase of the PSD options, which could even affect the choices of the CDS [Social Democratic Center Party]. Hence the presidential candidates will again be newsworthy. From December 1984 until the summer of 1985 will be the phase of advance in the areas of the PSD and the CDS and, above all, the debates on the left of the PS, involving the PCP [Portuguese Communist Party] and the Eanist sectors, and September will mark the end.

At this time, there have already been two withdrawals and almost no political force has a clearly defined strategy. How many more candidates will drop out in the next 3 months and what strategies will the parties or pre-parties hold in reserve as a Christmas present in this leap year?

One Certain Candidate: Soares

Became definite at least as far back as June 1983.

Certain support: PS rank and file and electorate and most of the party cadres.

Desired support: PSD and CDS, or at least the former, either openly in a regular agreement (involving the attribution of the post of prime minister to the PSD in 1986 and the promise of early structural reforms) or secretly, in an agreement for the second round, with a symbolic PSD candidate in the first round.

Trump cards: His incumbency as prime minister; he can resign as secretary general of the PSD to run as a non-party candidate; he has some international support; he has the RTP [Portuguese Radio-Television System] and some radio stations available to him; he can rely on the national bourgeoisie's fear of the spectre of a PCP-Eanist alliance.

Obstacles: The PSD's clear reluctance to accept a unitarian candidacy; the total rejection of the CDS; PS dissatisfaction, even in Soarist sectors; the disastrous government of Portugal; the awareness that PS-PSD-CDS "unity" with Soares opens the field for the PCP and Eanism and seriously destabilizes the post-election political situation.

Two Non-Candidates: Freitas and Mota Amaral

Freitas do Amaral: launched candidacy in December 1982.

Date of withdrawal (formal); July 1984.

Reasons for withdrawal: CDS hesitation in supporting his candidacy. Pereira de Melo and Amaro da Costa institutes' quarrel with the party leadership; doubts about the public acceptance of the main lines of his program (survey of July 1984); apparent lack of support in the PSD and other non-CDS sectors of the old AD [Democratic Alliance]; the candidate's personal reluctance to continue under these circumstances, which led to his formal declaration of withdrawal.

Mota Amaral

Campaign initiated: December 1983.

Date of withdrawal (informal); September 1984.

Reasons for withdrawal: Defeat in the PSD Congress in Braga, followed by the rapid cooling of the fervor initially created around his candidacy; priority to the regional elections in October; doubts about any significant future support for his candidacy in the PSD itself; candidate's personal reluctance to continue with such strong reservations and obstacles, which led him to admit that he had never taken the idea of his candidacy seriously (interview on Radio Renascença on 15 September).

Two Pre-Candidates: Pintasilgo and Jardim

Lourdes Pintasilgo: has never either accepted or rejected the idea.

Trump cards: Indisputable lead in all presidential polls for the past year; homogeneous support among the voters of the PS, independent voters and the PCP; strength in the Eanist constituency; influence in other political areas; the only candidate on the Left capable of running against Mario Soares without any negative "handicaps" and of reaching the second round.

Obstacles: Opposition from the PCP and from Eanist sectors considered close to Belem and from advocates of a military candidate, even because they fear the uncontrolled success of Pintasilgo; her friendship and loyalty to General Eanes, which could cause her to withdraw because of overwhelming pressures.

Alberto Joao Jardim: has rejected, but not definitely, the idea of a candidacy, explaining that he would never agree to be a caretaker candidate of the "Octavio Pato" type for Mario Soares (interview with Portuguese news agency ANOP on 17 September).

Trump cards: leadership of the government of Madeira and his probable victory in the October [regional] elections; increased support in the PSD, echoed in other areas of the former AD; his personal style, which would permit a candidacy offering an alternative to the central block and a change in the system.

Obstacles: the image presented in some sectors of the media; resistance of former Mota Amaral supporters in the PSD; his loyalty to the party leadership might lead him to accept the strategy of the leaders to avoid division in the face of common adversaries.

Self-proclaimed Candidate: Firmino

Launched candidacy: May 1984 (through the media).

Support won: many pledges in the PSD and the CDS (as in 1980, with the exception of Sa Carneiro and Freitas do Amaral), in the PS and even in Eanist sectors, but no guaranteed support from powerful leaders.

Desired support: in the first round, from the PSD, CDS and the rest of the former AD; in the second round, part of the PS or at least the abstention of some of its members (and probably from Eanists and the PCP if the opponent were Soares).

Trump cards; enigmatic, discreet, likeable, intelligent, esteemed by the armed forces, capable of a political range on the Right and on the Left; desire to be a candidate.

Obstacles: capable of almost covering the political range on the Right and Left (which could put off the Right without necessarily winning over the Left) his image as a self-proclaimed candidate of conservation although he would like to have the image of a candidate for change; too enigmatic, revealing himself only now.

Three possible candidates: Balsemao, Proenca, Almeida e Costa

Francisco Pinto Balsemao

Candidacy signalled only now, although he has not confirmed it himself and has directly denied it in the recent past.

Objectives: to appear as the candidate supported by the PSD, exciting support in the CDS and the rest of the former AD; slow and careful progress; possible formal launching after an overall examination of possibilities.

Phase 1: sounding out possible candidacy in the PSD; phase 2: contacts with the CDS and the rest of the former AD; phase 3: advance (or maintain present position in reserve for 5 or 10 years, in this case probably setting aside a 1985 candidacy).

Daniel Proenca de Carvalho

Mentioned as a possibility earlier and then faded, to return to the political scene now, without any confirmation from Carvalho himself.

Objectives: to promote support in the PSD, which is faced with a possible "impasse" if it refuses to negotiate with Mario Soares, exciting support from the CDS and the rest of the former AD; very cautious advance, similar to his earlier behavior, particularly because of his friendship and personal loyalty to Mota Pinto (who might be hesitant about the "cover" for this scenario).

Phase 1: soundings in the PSD; phase 2: contacts in the CDS and the rest of the former AD; phase 3: advance or maintain a position as a mediating influence without any candidacy (promoting other alternative solutions).

Vasco Almeida e Costa

Has just resurfaced as a candidate, after launching a candidacy some months ago without success, because of a resounding defeat in the dissolution and new elections for the Legislative Council of Macao and the failure of his propaganda campaign in the Portuguese political press.

Objectives: to be the candidate of Eanism, mobilizing the support of the PCP, independents and part of the PS and, with his alleged moderation, "giving the high sign" to the PSD and the CDS; he has an enormous desire to be a presidential candidate.

Phase 1: erasing his recent defeats; phase 2: promoting his image with invitations to Macao and with new ad campaigns in the Portuguese press; phase 3: opinion surveys and political contacts.

Unknown: Lemos Ferreira

Among the names mentioned most insistently, particularly in sectors of the PSD, CDS and other areas of the former AD, Jose Lemos Ferreira has been the quietest. Without promoting himself like Mario Firmino Miguel and Vasco Almeida e Costa, he has prided himself more on his military role than on the beckoning to a presidential candidacy.

It appears improbable that there is any movement to create or foment crises with the government and its prime minister. Meanwhile, Ferreira remains a possibility defended or supported in the PSD and the CDS as a candidate of change, if another or others do not materialize.

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CS0: 3542/4

STALLED 1990'S FIGHTER COULD FACE U.S. ALTERNATIVE

Duesseldorf WIRTSCHAFTSWOCHE in German 27 Jul 84 pp 22-24

[Article: "Armament: Launch Problems in Europe"]

[Text] Bickering over structural components, program management and financing increasingly delays the ambitious project for a European pursuit plane.

Hanns Arnt Vogels, head of the aeronautical and astronautical company Messerschmitt-Boelkow-Blohm, sees the situation realistically: "In all areas we detect a certain fatigue when it comes to the matter of cooperation." He admits that "it is hard to surrender national advantages. Our conviction that the solution of problems on an international basis profits everyone has now undergone a distinct disenchantment. This disenchantment is making trouble for us in all our current large-scale projects."

Even in the case of the bilateral program of the German-French combat helicopter PAH-2 it took years before the governments, military forces and industry were able to come to a final agreement. And in the case of the pursuit plane of the nineties, the agile combat aircraft (ACA), it is necessary to reduce to a common denominator the ideas of five nations: France, Great Britain, Italy, Spain and the FRG, who all nevertheless see a pressing need for such a superbird. But their views of the proper way of carrying out this project are still sharply divergent.

When on 9 July the five defense ministers Charles Hernu, Michael Haseltine, Giovanni Spadolini, Narcis Serra and Manfred Woerner met once again for negotiations in Madrid they, too, made absolutely no attempt to bring their differing requirements under a common banner. The meeting yielded only a relatively noncommittal agreement, namely that the armament directors should present a feasibility study by March 1985.

In any case, the latent differences between the partner countries once again became all too evident in Madrid. France is making unconcealed efforts to seize control of this program and is threatening to go it alone. On the other hand this French attitude is totally unacceptable to Great Britain and besides Great Britain believes that if necessary it could all by itself develop this new pursuit plane. The Germans seem to be still undecided: on the one hand

they do not want to alienate their Tornado partner Great Britain, while on the other hand politicians and armament officials in Bonn are inclined toward a closer alliance with France.

In any case the French believe that they have the better arguments. Benno-Claude Vallieres, president of the French aircraft manufacturing company Avions Marcel Dassault-Breguet, emphasizes that "it would certainly be foolish not to make use of the best experience possessed by the individual partners and we have had a great deal of experience with Delta aircraft." As a matter of fact most of the preliminary studies have shown that a Delta-wing pursuit plane would best meet the specifications. Thus in terms of engineering, opinions are not very far apart: the two experimental airplanes, the French ACX and the British EAP--each of them to start testing as early as 1986--are almost hard to distinguish from one another and in addition the TKF-90 study carried out years ago at MBB displays almost exactly the same features.

With their experimental program the British aircraft industry would also like to commit the German and Italian aircraft builders to a continuation of the Tornado partnership. But as far back as last year the Ministry of Defense in Bonn recommended to partner MBB that there should be a drastic limitation on development studies for this aircraft. Bonn does not want to create any faits accomplis which would needlessly obstruct the entrance of France into the five-nation project.

But even if the five-nation airplane were to actually come about this would not assure the full employment of the European aircraft industry at its previous level. Because the planned airplane will in any case be substantially smaller than the Tornado. In addition to that the total production of about 800 machines must be divided up among the industrial partners in five nations. What shares of the work the national aircraft firms will receive is still much in dispute. There is one scheme under discussion which would have the three big partners--France, Great Britain and Germany--each take over 25 percent. The rest would be divided between Italy and Spain.

Certainly MBB would have to further divide up the German cake with its competitors. Dornier. The Ministry of Defense had intentionally required the aircraft builders on Lake Constance to undertake studies alternative to the TKF-90. The N/D-102 study arose from joint efforts with the American company Northrop. Air defense inspector General Eberhard Eimler was very much impressed by this study: "This concept has some fascinating features and I hope we shall be able to salvage something from it into the joint project."

There is also discussion of the possibility that Dornier could still count on up to 30 percent of the German contract volume for the airframe of the pursuit plane. In any case the two designs are being combined within an MBB/Dornier working group into a single German operation. But at MBB there are hopes that the threatening employment gap in military aircraft construction can be closed to some extent by supplementary contracts for the Tornado. Great Britain seems to be interested in more Tornados; a special version for electronic warfare has been recommended to the German Air Force and in addition the marketing strategists believe that the expensive bird might yet be exportable.

The parliamentary state secretary in the defense ministry, Peter Kurt Wuerzbach, no longer puts much stock in sales of this plane to Greece: "I would much rather see us helping the Greeks with other armament which they very urgently need."

But the five partner nations nevertheless seem to agree on one important point. They feel without reservation that they are in a position to produce the new pursuit plane on a European basis. All American moves to carry out this program on the other side of the Atlantic have thus far been rejected. There is too deep-seated a disillusionment arising from the fact that thus far the United States has not been prepared to recognize a real two-way traffic in the armament business. The Americans were reluctant to purchase weapons "made in Europe" to reciprocate European procurements over there.

Just in the year 1981 2.2 billion marks worth of military and civilian aeronautical equipment were imported into the FRG. Regarding this there has been the following comment by the Federal Association of the German Aeronautical and Astronautical and Armaments Industry: "Calculations have shown that a policy of purchasing abroad--for example, in the United States--is justifiable in terms of the national economy only if the cost reckoned over the entire useful life of the product does not exceed more than 50 percent of the cost of the domestic product."

Of course, nobody in Bonn yet has any idea how this new mammoth program is going to be paid for. "A few months ago the Bonn journal WEHRDIENST wrote that "with the pursuit plane 90 Woerner is already looking into a financial black hole." Of the approximately 100 billion marks which the all-European pursuit plane would swallow up by the turn of the century about 25 billion would come out of Woerner's funds. But up until 1986 there will be only a scanty 216 million marks assigned in his financing plan to design studies. Of this, by the end of 1984 as much as a half will have already been spent. For the transition from the design phase to the development phase there is already a shortage of almost 2 billion marks to cover the period up to 1988.

Therefore despite all declarations of interest in a European program the German Air Force has already indicated some prudent fallback positions: purchase of an aircraft available on the market is still one of the possible options of our air defenders, "even though this might not be in accord with our needs in every detail," as it is expressed in a position paper issued by the air force. And state secretary Wuerzbach has asserted that "as long as no European agreement for the pursuit plane has received final signatures there is always the important alternative of purchase in the United States."

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MILITARY SERVICE FOR WOMEN, LONGER ENLISTMENTS POSSIBLE

Vienna DIE PRESSE in German 1/2 Sep 84 p 2

[Article by Hermann Bohle: "Belgium's Women Soldiers To Help Combat Unemployment"]

[Text] Two measures which are completely new for Belgium and which border on the sensational are supposed to help lower unemployment and reestablish the country's finances: For the first time in the history of the country women may now enter the military starting at age 20, and men who are liable for military service can voluntarily extend their tour of duty. And in the process the armed forces will also solve the problem caused by years with low birth rates; these innovations are substantially less expensive for the army than enlisting additional career servicemen.

At present 14 percent of all working people in Belgium are unemployed. Thus, together with Ireland the country is a leader in the area of negative balances in the EC. The new measures which are supposed to improve the hopeless lot of thousands of unemployed people and which assume--as in the case of military service for women--an almost "revolutionary" character, are supplemented by the establishment of a "national auxiliary service." This also accepts young soldiers who because of lack of space are excluded from lengthened military service or who do not find work after completing their tour of duty.

Opening up military service to women is likewise supposed to help the economic upswing because it relieves the pressure on the unemployment fund. At the same time the acceptance of "women soldiers" is also viewed as a further step in the direction of "equal rights among the sexes": The word in Brussels is that "every profession should be open to everyone." And the months which extend military service to 10 months, as distinct from regular military service, will also be considered as employment which in turn will improve the situation of those who are unemployed afterwards.

This merry-go-round of new ideas and inspirations should get as many young unemployed people as possible "off the street" and into purposeful activity. At the same time it is the hope in Brussels that social services of all sorts which to date have not been taken care of will be tackled.

NAVY'S COMPUTER-AIDED OPERATIONAL CONTROL SYSTEMS SURVEYED

Bonn WEHRTECHNIK in German Aug 84 pp 82-87

[Article by Commander Reinhold Siebert, Bundesmarine: "The Navy's Operational Control Systems"]

[Text] Computer-supported operational control systems, a comprehensive term covering on-board--supported control systems and weapons operational systems as well as on-land--supported control information systems, are indispensable aids in the conduct of modern naval war. They are vital elements in any operations control responsive to existing threats and in any fast-reacting weapons operation. The navy has gathered more than 15 years of experience in the use of these systems. Frigate Captain Reinhold Siebert, chief of the "Planning of Operational Control Systems" Group in the Naval Control Systems Command, presents a survey of the navy's operational control systems.

Even more than 20 years ago it was recognized in the navy that the traditional methods of control were no longer a match for the rising influx of information in naval warfare operations. Also they no longer provided the reaction capability necessary to successfully control the apparatus of naval warfare when equipped with modern sensors and weapons and under the threat of supersonic aircraft and missiles.

Under these changed combat conditions the navy recognized the need for modern operational control systems. Electronic data processing (EDP) was the logical way to support and rectify those steps in the military control process which were particularly affected by this development.

Therefore the navy has developed a design for modern EDP-supported operational control systems which encompass the three levels of control: German naval defense [BMVg], fleet command (operational control) and groups/units (tactical control). This concept provides for the separate development of on-board--supported control systems and weapons operational systems (FuWES) as well as on-land-supported control information systems (FuInfoSys) while at the same time combining them through data links into the naval control system.

The tasks which arise from the processing of FuWES and FuInfoSys in the tactical and operational naval domain were combined in 1967 as an organizational measure with the appropriate personnel and materiel facilities of the Command Marine Control Systems. To this command, as a systems center, there was assigned the responsibility of configuring the operational control systems in the system complex with the aid of software (SW) and to maintain it in a modern condition throughout its entire lifetime.

The realization of this plan proceeded from below upward, that is to say, first priority was given to the operational control systems of the tactical and operational control level and the BMVg level was initially put aside.

LUTJENS Class: SATIR

As its first combat component the navy in 1969 put into service an EDP-supported operational control system. This was SATIR (System for the Evaluation of Tactical Information on Computerized Vessels) which was installed on missile-carrying destroyers of the LUTJENS class. This system was developed in close cooperation with the American Navy and American industry to meet the special needs of the German Navy. This SATIR system functions as a first-generation system primarily for EDP-supported situation-picture display, but is also of use in decisionmaking. Its essential functions are:

- i. continuous calculation of one's own ship positions on the basis of automatically input compass and log values;
- ii. computation of military navigation problems (rendezvous problems, course interception computations);
- iii. computer support in the conversion of radar target data into position data;
- iv. computer support in the conversion of sonar values into position data;
- v. computer support in the transmission of target data to the area of weapons operation;
- vi. performance of vulnerability computations;
- v. the automatic exchange of position with other units via LINK 11.

In selecting EDP equipment, in other words computers, peripheral computer equipment and display panels the choices were kept consistent with those of the American Navy and the same equipment was selected which is also employed on American NTDS (Naval Tactical Data System) ships. Because of the status of technology at that time the level of automation in the individual functions was still not very high so that numerous manual activities were required in constructing a situation picture. And since there did not then exist adequate information about the reliability of the EDP components conventional equipment such as plotting table and plotting chart were kept available in the operations center, near the computer-supported panels, for situation control.

Software Produced by the Navy

The computer software--the operations program--was produced in its essentials by German naval officers in San Diego (United States) under the guidance of U.S. naval specialists. The navy had early recognized that in FuWES and FuInfoSys operational programs essential portions of the military structural organization and operational sequence organization of the particular unit concerned are reflected and to this extent relate to the organization of responsibility in the navy. Since the threat, tactical procedures, operational requirements and--in reaction thereto--also the organization of responsibilities are all subject to continuous change the software must be continuously updated to fit these changing conditions. The portions of the software concerned are called "adjustable software."

Consistently with this, the navy has taken over this operationally important aspect of computer support. It has assumed responsibility for the production, maintenance and modification of software and has built up appropriate know-how. More than 15 years of successful software maintenance and further development of the SATIR operational program have confirmed the correctness of this decision.

Class 143 Speedboats: AGIS

The know-how obtained with SATIR enabled the navy in the beginning of the seventies together with the BWB, to produce the AGIS (Automated Combat and Information System) for speedboats of the 143 class as a FuWES of the second generation. Ranging beyond the knowledge and experience acquired with SATIR, it was necessary to undertake entirely new methods of system configuration because of the restricted space in a speedboat. A systems engineering advance was achieved by housing the control portion and the fire control portion in two similar computers and by arranging for a completely digital data flow. Therefore the essential functions of the control process and the decisionmaking process in the system, together with control of weapons operation, were combined into a multiperson panel called the tactical monitor. Moreover, the system includes the combined circular-search and fire control radar WM 27.2, 76-mm gun, torpedoes and the sea-target missile MM 38 EXOCET. Support for the combat operations themselves is supplied by several fire control panels. The software for the operations control was supplied by the navy while that for fire control was supplied by industry. The consistent integration of the equipment for control and for weapons operations as well as the provision of tailored operations software made it possible to develop a compact and fast-reacting FuWES which is capable of handling all tasks confronting it. Like the FuWES SATIR, the AGIS is also equipped with a computer-controlled automated data link, namely the NATO LINK 11.

Its widespread dissemination in the NATO navies guarantees that even in multinational groups it is possible to exchange position information and commands for group control between the individual units almost without any delay. The quality of the position picture is enhanced, defense reactions are accelerated and altogether the prospects of success are improved.

In order not to have to abandon this mobile, fast control capability in groups consisting of LINK 11 units and nonsystem units, in the middle of the seventies the Command Marine Control Systems designed PALIS (Passive-Active Link Information System) as auxiliary equipment for the destroyers of the Hamburg class and speedboats of the 148 class. Within the framework of equipment development projects the individual hardware components were procured in close cooperation with the BWB and were linked together in the Command Marine Control Systems into one system. Because the system also had to allow for the limited space aboard a speedboat the computer selected was a minicomputer to which data are fed through an input-output panel with tape cassette drives and also through a typewriter. In addition, there is a multipurpose display panel which can be connected to various radar devices and also to the LINK 11 device. It is the primary task of PALIS, in order to establish a current situation picture, to receive LINK 11 information, to store it and to display its correlation with its own situation data. In addition, it must send out information which has been acquired by its own on-board sensors.

It was with this task in view that the PALIS software was created by the Command Marine Control Systems, the aim being at the same time to achieve as much as possible joint solutions with AGIS. While the software was being created it was recognized that PALIS software could be made use of in additional armament projects of the navy. Therefore the capabilities of PALIS were subdivided into core functions and system-specific functions and this classification was taken into account in the software structure. This arrangement of the software made it possible, with calculable risk, to configure a system tailored to the particular task from standard components without having to redevelop the system in its entirety. With this mode of proceeding it is claimed that development costs are saved and the expense of training and the cost of maintaining and modifying software are all reduced.

Frigates of Class 122: SATIR F-122

When in 1982 the BREMEN frigate of class 122 entered service the navy put into use an FuWES of the third generation, the SATIR F-122. It is a characteristic feature of this system that within it there is a still broader use of digital technology because even in individual system components digital computers are used for the preliminary processing of data. The center of the system is a high-performance computer which is linked with practically all sensors and effectors of the ship and which permits the multipurpose panels to have access to the individual system components. The following tasks are handled:

- i. values such as course, speed, drift and position of the ship as well as stabilization data are prepared by the INA (Integrated Navigation Facility);
- ii. airspace surveillance radar DA 08 and the combined surveillance and fire control radar WM 25 as well as the STIR fire control radar guarantee that the 76-mm turret, the NATO SEA SPARROW missile and the short-range air defense facility RAM (Rolling Airframe Missile) can be effectively employed against air targets;

iii. the Sonar 80 optimized for shallow water use supplies the target data for the use of antisubmarine torpedoes at short range. For medium and greater distances antisubmarine operations are taken over by the two SEA LYNX on-board helicopters;

iv. the 76-mm turret is available for sea-target combating at close range. Combating over greater distances is done with the HARPOON missile, in which operation the on-board helicopter serves to procure target data over long distances;

v. operationally important ranges in the electromagnetic spectrum are under surveillance by the FL-1800 EloKa facility which possesses the most modern technology. Reconnaissance results can be given to the RAM missile, can also be used as the basis for operations with the four antiradar charif launchers and also for the active components of the FL-1800;

vi. LINK 11 has been equipped for automated situation-picture exchange.

The logic for the distribution of data within the system is located in the control and weapons operational program. It combines the individual system components into an organic whole and makes possible simultaneous defense against multiple threats. As compared with the operations programs of the older systems the present improvements are in the following areas:

i. automation of radar target development and pursuit;

ii. enhancement of air defense capabilities through improvement of the reaction time and EDP-supported coordination of defense weapons as well as through the capability of carrying out combat operations automatically;

iii. support for antisubmarine operations;

iv. integration of EloKa;

v. support of helicopter guidance;

vi. more extensive recording of tactical data for later evaluation.

In creating the adjustable part of the software the leading idea was to assign only surveillance and control functions to the operator at the multipurpose consoles in the control and weapons operational center. This reduces the burden on the operators and shortens the system reaction time.

Increasing the Combatworthiness of the LUTJENS Class: SATIR Z-103B

Within the context of the combatworthiness improvement of the destroyers of the LUTJENS class the existing SATIR has been further developed into the SATIR Z-103B. The most important improvements in the area of control and weapons operation are:

- i. enhanced performance capability of the airspace surveillance radar as well as automation of radar target detection and pursuit;
- ii. installation of a new artillery fire control facility able to employ missiles;
- iii. equipment with a far-ranging sea-target missile;
- iv. installation of the RAM short-range air defense system;
- v. integration of the antisubmarine fire control facility;
- vi. installation of the FL-1800 EloKa facility;
- vii. installation of a new SATIR computer.

It is noteworthy that the basic modernization of the control and weapons operational system is being accomplished without placing special orders with a general entrepreneur. All hardware work and integration work in this area is being carried out by the naval arsenal or under its supervision (WEHRTECHNIK, No 4, 1984). The operations program is being developed by naval offices in close cooperation with BWB FE VI 6 and Command Marine Control Systems. Creation of the adjustable portion of the operations software for SATIR Z-103B is closely intermeshed with the corresponding section of the SATIR F-122. Since the same central computer is employed in both systems and the multipurpose panels originate from the same family there were thus present essential prerequisites for software standardization. Despite substantial differences among sensors and effectors on the two ship classes it has nevertheless been possible through functional adaptation to make identical installations of more than half of the adjustable software employed in the two systems. In consequence it has been possible on the one hand to avoid expense in creating the software and on the other hand it is expected that there will be substantial savings in the utilization phase.

Also in the case of the second generation of the AGIS speedboats of class 143A changes were made in the system design as compared with the AGIS S-143, in order to keep up with the greater threat. Essentially this process involves an enhancement of the EloKa capabilities, an improvement in the WM 27 radar and an enlargement of air defense capability through installation of the RAM missile facility in place of a 76-mm turret. In order to tie together the new system components, in order to meet requirements arising in practice and in order to improve the level of automation so many changes and improvements were made in the existing operation program AGIS S-143 that the result was a third-generation operation program, the AGIS S-143A.

Operative Control Level: MHQ

In addition to these measures taken on the levels of boats and ships, the operative control level was also included in the process of modernizing control apparatus and operations apparatus. In order to improve and accelerate the process of supplying information and the internal sequences of operations

leading to decision naval headquarters (MHQ) was given data processing support. The construction of this complex FuInfoSys takes place in stages. The first system stage has been employed in operations since 1980. Basically the system consists of a central computer facility with large data storage, alphanumeric and graphic panels and further peripheral equipment. In addition, there are some subsystems such as the conventional telecommunications facility, LINK 11 components and the components for overall situation display.

Functionally, MHQ is subdivided into a telecommunications center (FMZ) and an operations center (OPZ). In the telecommunications center all those specifications and work sequences applicable to conventional telecommunications traffic are transformed into software programs and run automatically under computer control.

The transmission and reception facilities are also selected and controlled with programmed support. Incoming communications are documented autonomously by the system, collected and sent on to the addressees in MHQ or sent outward. The communication, now correct in the sense of telecommunications engineering, is automatically processed by the system and delivered directly to the workplace (panel) of the responsible specialist. During maneuvers the system automatically carries out sorting of the telecommunications traffic with respect to the parties in the maneuvers so that a particular party is supplied only with the communications intended for it.

The operators at the panels in the telecommunications center become active only if the software detects some error in the process or some extraordinary trouble arises in the telecommunications equipment.

The evaluation of the received communications, the concentration of their information content and their alphanumeric and graphical display is accomplished under computer control at the panels and at the overall situation display device in the operations center. Received information can be supplemented by data stored in the data banks and then rapidly redisseminated. After an improvement in computer capacity there will be still further functions introduced into operative utilization of the system sometime before the end of this year.

The software for this system was created exclusively by industry. The subsequent tasks of software maintenance and software modification are jointly taken over by BWB and the navy.

Further Planning

Within the framework of a further stage of expansion automated data links from MHQ to the following systems are planned:

- i. Allied Command Baltic Approaches Command and Control Information System (ACBA CCIS);
- ii. Flag Office Denmark Command and Control Information System (FOD CCIS);

- iii. FuInfoSys Naval Flight Squadron Combat Status (MFGG);
- iv. NATO Air Defense Ground Environment (NADGE);
- v. Naval Telecommunications Staff 70 which has for years processed data arriving from telecommunications electronic reconnaissance with data processing support;
- vi. FuInfoSys Coastal Radar Organization (KRO).

The two control information systems MFGG and KRO are now in the definition phase. The MFGG is being developed in order to improve the control capability of the naval flight squadrons 1, 2 and 3. The KRO, as one of the sensors of MHQ will collect information via three radar sites from the coastal forefield and transfer it to MHQ.

There are additional plans to also equip submarines, mine search boats, helicopters and antisubmarine aircraft with efficient control systems and weapons operational systems.

Summary

It may be asserted that the navy has successfully operated operations control systems for the past 15 years. For the employment of data processing at the various control levels it has developed a comprehensive total concept capable of meeting the threat promptly and consistently with the existing situation. The operations control systems are planned as autonomous parts of the naval control system and are configured with the aid of software.

The concentration of forces and facilities for all operations control systems in the naval control systems command functioning as the systems center of the navy makes it possible to attain the following advantages within the naval control system:

- i. modernization adapted to the existing threat;
- ii. interoperability of the systems;
- iii. standardization and
- iv. cost effectiveness.

8008

CSO: 3620/432

SPD DEFENSE EXPERT OFFERS REVISED MILITARY BALANCE ESTIMATE

Pact Superiority Doubted

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 22 Sep 84 p 4

[Text]--Bonn, 21 Sep--Under the motto "nightmare West against nightmare East," SPD security expert Andreas von Buelow, in his own "threat analysis," has come to the conclusion that the current balance of forces between East and West makes an immediate attack against Western Europe by the USSR unlikely. Buelow, currently chairman of the Security Policy Committee of the SPD party directorate, is of the opinion that NATO is also substantially stronger in conventional terms than it represents itself to be. The USSR, to be sure, is strong, but neither conventionally nor in nuclear terms is it strong enough to benefit from military actions in the case of a reasonably intact NATO alliance.

Buelow, formerly parliamentary undersecretary in the Defense Ministry, writes that from the condition and disposition of the USSR as well as its armed forces there is reason "to view our own situation and the situation of the alliance with greater calmness."

Buelow made it clear to journalists that although there is not sufficient statistical data in the FRG on the balance of forces, this material appears to be available in the United States. He himself received the supporting information for his study largely through the library of the U.S. Embassy in Bonn. The official figures that do exist are by no means false but are merely arranged in such a way that one receives the impression that NATO is inferior, said Buelow.

In his summary, the SPD politician points out that neither in a protracted conventional war of attrition nor in attempting a blitzkrieg would the USSR and its allies have a chance to defeat NATO under acceptable conditions.

Buelow believes that the 31 Soviet divisions in Eastern Europe are not by themselves sufficient for an attack and the USSR will hardly rely on the troops of its allies. The Red Army has not only qualitative shortcomings but the field command is not very flexible and the morale of the armed forces is poor. Many weapons systems, such as the T 54/55 tank, are ready to be scrapped and all experience indicates that the effectiveness of Soviet equipment as weapons is often dubious.

According to Buelow, the balance of forces is not completely clear in the area of tactical and strategic nuclear weapons. In the area of strategic nuclear weapons, there is a continual arms race of the super powers, in which the USSR is said to have an advantage in warheads. It is difficult to determine whether or not this advantage really exists.

Strategic Rethinking Sought

West Berlin TAGESZEITUNG in German 22 Sep 84 p 5

[Excerpt]--Bonn--It can now be said for the SPD as well: the Warsaw Pact is by no means superior to NATO. On the contrary, NATO has an advantage in all essential strategic areas. NATO even has more soldiers under arms than the "opposing side," and it has more large combat ships, more aircraft carriers, a greater amphibious landing capacity and more marines. In addition: "the Red Army suffers under qualitative shortcomings," its combat morale is limited, and the many, many tanks are of relatively little use. It does not matter whether one looks at aircraft, missiles, or ships. If one considers qualitative and quantitative criteria, the West is looking splendid: "There is therefore reason to view our own situation and that of the alliance with greater calm. Disarmament talks do not necessarily have to be approached with the feeling that we are inferior." That is how Von Buelow sums it up.

And what is the consequence of this for the SPD? For one thing, Von Buelow goes on to emphasize that the "additional armament" is militarily superfluous. He has always thought that. He is nevertheless in favor of the double resolution to get the super powers to negotiate on intermediate-range missiles; it appears that that has not worked.

In addition to the detailed counting of armaments, Von Buelow, supported by Horst Ehmke, his colleague in the parliamentary group, declared that there is no sensible reason to suppose that the USSR could have any interest in marching into the FRG; "After all, they already have plenty of problems and can barely manage them." A special aspect of the strategic considerations that is always ignored involves the possible acceptance by the peoples of Eastern Europe of an attack against the West. Buelow proceeds from the assumption that neither the Poles nor the Czechs nor even the East Germans could be mobilized for such an attack. And thus the calculations would have to discount a large part of the USSR's army that would be needed to keep Eastern Europe under control. One cannot, as in the propaganda of the West's hawks, simultaneously speak of the USSR's regime of terror in Eastern Europe and claim that precisely these peoples are standing at the ready and are just waiting for the signal.

Despite the growing insight, Von Buelow finds it difficult to name specific consequences for NATO strategy. He wants first to encourage a discussion. One should not, however, throw money out the window unnecessarily for a lengthier military service time. Cadre models need to be considered. Pure cadre-strength defense units along the borders could be a signal for detente, for he does not believe in the miracle that wise and sensible leaders could simultaneously come to power in Washington, Paris, London and Moscow. Thus one must come up with alternatives to the "disarmament talks" held so far.

9746

CSO: 3620/20

EXERCISE INTEGRATES TERRITORIAL BRIGADE INTO NATO OPERATIONS

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 29 Sep 84 p 6

[Article by Siegfried Thielbeer: "The Maneuver Is Deterrence Through Action: Blues Again Victorious at Lion Heart"]

[Excerpt]--Hohenhameln, 28 Sep--"Lion Heart" is the largest maneuver since World War II. In a first part, the British Armed Forces were doubled. Added to the 60,000 men of the Rhine Army were 57,000 from England, including 35,000 men from the British Territorial Army alone. The Second Infantry Division from York and territorial and airborne brigades were brought to Germany along with 14,500 vehicles.

The air force also exercised, taking part in close air support with the "Tornado" on the "orange" side and with the "Jaguar" and the "Harrier" on the "blue" side. Airfields were defended and repaired. The engineers had to build brigades and lay and clear mines. Artillery pieces and rocket launchers showed their effectiveness, at least to the arbitrators. There was no unit that was not challenged every day. The professional soldiers were thereby impressed by the enthusiasm and operational readiness of the reservists.

In the case of the British, the newly formed airmobile brigade was utilized for the first time. This troop, mainly armed with antitank rockets, was quickly brought into threatened areas by the large Chinook helicopters to interdict task penetration by the enemy. Their use played a decisive role in finally stopping the "orange" offensive in the area between Hanover and Deister.

"Orange" also made large-scale use of helicopters to combat tanks but mainly to land airborne troops and sabotage units deep in the rear area of British near Hameln and Detmold. The German Home Protection Brigade 53, which helped out the British in the rear, was greatly challenged there. General Ondarza, the "orange" commander, was thereby merely following the operational principles of the Soviet Army. He made an overall attempt to simulate as realistically as possible the development that one could expect in an emergency. Each of his three brigades stood for an entire division and had to be "reactivated" correspondingly more rapidly. This meant a substantially greater load for German, Dutch and U.S. soldiers.

Ondarza attacked with them in echelons, as the Russians would do. With the deployment of a personally led "independent" tank battalion (which Russian divisions and corps have, as a rule), he was also successful in effecting a deep penetration of the defenders' front precisely along the dividing line between the third and fourth British tank divisions.

The cooperation of the Germans, Americans and Dutch under General Ondarza was outstanding. The commanders are satisfied, for in an emergency they would have to be able to help each other out. In the material, especially the radio equipment, there are complaints about the lack of a "mutual operational capacity." And about the fact that there are now three different tank models in northern Germany, with corresponding supply difficulties. But at least the Germans and Dutch are equipped with the same tank, the Leopard. They were now able to supply each other, and they followed identical tactical principles. Almost all of the Dutch speak German, and this has also done much to facilitate things. "A Dutch officer can readily lead a German company or even a platoon and vice versa," it is said. In the decisive "orange" attack, the German and Dutch brigades had even combined their field headquarters. The Dutch were then able to carry out the offensive through the Germans with no complications at all.

General Farndale, the commander of the British corps, appeared extremely satisfied with the course of the maneuvers. The Challenger, the new armored infantry combat vehicle, and the Rapier air defense rocket on the tracked vehicle have proven themselves in an outstanding manner. Not a single tank was lost. Cooperation with other troops, with the air force as well, has been successful. "Our task, the task of our soldiers, is to prevent the outbreak of a war. Deterrence will be believable in that we prepare ourselves and show that we are efficient and operationally ready. The experts of the opposing side will acknowledge our capability. The Lion Heart maneuvers are deterrence in action."

The wording was less charitable in the staffs. "Orange" had simply taken on too much, its troops are "burned out," and the hordes of the aggressor flooded back. Behind the cynicism is the concern about the conventional superiority of the East that would be faced in an actual war.

9746

CSO: 3620/18

NEW NAVY CHIEF SCHUBACK STRESSES NEED FOR BETTER ANTISUB ARMS

Proposes Special Antisub Unit

Stockholm SVENSKA DAGBLADET in Swedish 24 Sep 84 p 6

[Article by Sune Olofson]

[Text] The navy should be a threat, its men should be neat, well-groomed and courteous and the armed forces should take greater responsibility as an employer. The new chief of the navy, Bengt Schuback, 56, has clearly-defined ambitions in a time when Sweden is participating in an "anonymous underwater war."

"At least three and preferably five professional sub-hunting forces should be built up during my period as head of the navy, a complete system of both fixed and mobile units that can warn of, hunt and combat intruders," said Bengt Schuback, an officer who has had a lightning career and appears to be both a dove and a hawk.

On 1 October he will take over the job as head of the navy from Per Rudberg, who is retiring.

"And in theory I could be commander in chief too before I reach 65," said Schuback laughingly in response to the question of whether he intends to go even higher in his career.

Two years ago Schuback stirred up a big international commotion when he said in SVENSKA DAGBLADET that "a foreign power is preparing a war against Sweden." The Foreign Ministry was flooded with letters and telephone calls from journalists and the world and Schuback was unable to sleep at night.

"In principle I stand firmly behind that statement. The foreign activity that is still going on has a military operational aim and it is a serious threat to our country, especially in the period before full mobilization, in the so-called twilight zone."

In the roughly 3 years that have gone by since the Uto incident in 1981 naval experts have analyzed and studied the violations. Is there a clear picture

today in the security service and the analysis branch of what the whole thing was really all about?

"A store of knowledge has been accumulated rapidly, but we do not have the situation under control. This knowledge has influenced the submarine defense plan OB [Commander in Chief of the Armed Forces] will present to the government in the middle of October. The threat is well described there.

Dangerous to Create a Vacuum

"Research, technology and training lagged behind in the 1960's and 1970's. This was a political decision that we are now forced to correct and it will take time. And the plan involves risks, materiel that must first be tested. That is the way it is when one is pressed for time. I hope the politicians and the military have learned that it is dangerous to create a vacuum in defense."

The navy wants to build up an antisub force that will create an underwater defense in the ocean depths from the periphery to the inner archipelago.

"But one is not enough. One could be easily outmaneuvered if the adversary makes a move somewhere else along the coast. We must have several."

Bengt Schuback is well-aware that this will cost money.

"This involves billions in addition to the limits that have been set. But we must choose to put an end to the problem or incur risks and criticism."

Bengt Schuback is glad that the navy is now acquiring materiel, in a slow upward trend.

"Already now there is a decision to reinforce submarine defense by 1 billion kronor over a 5-year period, but we will not be really operative before 1986. And I do not think the adversary is insurmountable in the anonymous underwater war in which we are now engaged."

Bengt Schuback says that Sweden has a good defense against an ocean invasion.

"As far as quality goes we are superior to the squadrons of the 1950's and the destroyer flotillas of the 1960's. The reason is our range and combat capacity. With missile boats, the improved coastal artillery units and submarine torpedoes the navy has extended its firepower. From the inner coastline, without having to go out to sea, we can dominate things far from the boundary of our territorial waters. A happy combination of effectiveness and low vulnerability."

Neatness Important

Schuback feels that navy personnel should improve their "external neatness and style."

"People must be able to see that one is a sailor and that one is proud of it. The French Legionnaires in Chad look like real soldiers. Men should not be long-haired and slovenly; instead they must be neat, trim, courteous and punctual."

Why is that important?

"I think we have unnecessarily created a negative image of ourselves in the rest of the world. I realize quite well that our men are very competent on the job but we must not underestimate our external image.

"Why should we place our light under a bushel? It is unnecessary to make a poorer impression than we have to. The image we present can be improved without destroying the good relations between officers and men."

Bengt Schuback said that navy personnel today are used to a large extent as instruments of security policy.

"Therefore work and overtime regulations should be better adapted to military realities. One cannot work office hours when one has to fight.

"If we are to be able to utilize people's competence and determination, and they are there, we must assume employer responsibility."

Family Under Orders

If the navy sends an officer from Stockholm to Karlskrona, the man, his wife and children are actually all acting under orders.

"If the spouse is employed outside the home we are giving orders that affect two economies. We must make it easier for people to move, improve opportunities to take a leave of absence and see to it that wives do not lose their rights as a result of a move, so that a teacher for example can go back to work after a leave of absence."

During the last 10 years Bengt Schuback has served in general defense posts.

"This has increased my sympathy for total defense. Unity and agreement among the branches of the service overlap, but of course I am the naval expert in the military leadership."

Honeyed Tones

During his time as an officer, Schuback has spent a third of the time at sea, a third on staffs and a third undergoing training.

The Schubacks have two sons, aged 30 and 26, who have left home and a 16-year-old daughter who lives at home.

A journalist described Bengt Schuback like this: "He belongs to the new democratic, almost folksy generation of top military men who do not bellow and order but talk with a touch of honey in their voices."

"That is not so far off," said Schuback, who will miss his job as military district commander of the southern military district in Kristianstad.

"I was much freer down there from both the calendar and interference from Stockholm."

Corvette Request Trimmed

Stockholm SVENSKA DAGBLADET in Swedish 24 Sep 84 p 6

[Article by Erik Liden and Roger Magnergard]

[Text] Both Commander in Chief Lennart Ljung and Defense Minister Anders Thunborg turned down navy chief Per Rudberg's request for six coastal corvettes.

According to planning experts in the Defense Ministry the navy chief's economic calculations are highly inflated. In addition to the corvettes money is needed to strengthen other aspects of submarine defense.

This means that OB's 5-year plan that will be presented to the government on 1 October will contain only four coastal corvettes in all. Two of them have already been ordered from Karlskrona Shipyard as a result of earlier decisions. It is unlikely that any new orders will be placed ahead of schedule.

Like his successor, Bengt Schuback, Per Rudberg has long claimed that six coastal corvettes are a minimum for submarine hunting and leading other sea-going forces in the outskirts of the archipelago, including missile and patrol boats.

OB is forced to take the 230 million kronor slated for implementing the planned expansion of submarine defense up to 1990 from all three defense branches. The army will pay the most, around 100 million kronor, while the air force will pay the least. The chief of the air force, Sven-Olof Olsson, said at a meeting of military leaders late Friday afternoon that saving the three Draken divisions at F-10 in Angelholm would be jeopardized if air force finances are trimmed.

But OB decided that the air force must put up 20 million kronor or so for submarine defense. In addition the air force must hand over four heavy helicopters modified for sub hunting, two in 1987 and the other two in 1989.

The air force is planning to purchase replacement helicopters and as early as 1985 the local air rescue service will be supplemented with four BO-105's from

MBB in Munich, the same helicopter the army ordered 20 of for antitank purposes using the TOW missile.

In the OB program plan the defense staff used a price compensation of 5.76 percent, which is based on the inflation estimates of the Price and Cartel Board and the Market Institute. OB knows that the government intends to compensate the armed forces for only 4 percent, which means that a further 130 million is missing for the period up to 1990. OB was forced to trim this money too from the plan.

According to OB a total of around 3 billion kronor more is needed to carry out the defense decisions made by parliament in 1982 and 1983, assuming a reasonable course of developments. This in spite of the 2.2 billion kronor in additional funds provided under the four-party agreement on defense dating from 2 March of this year.

Departing navy chief Per Rudberg refused to comment on the matter.

Additional Details on Harsfjarden Incident

Stockholm SVENSKA DAGBLADET in Swedish 26 Sep 84 p 8

[Article by Roger Magnergard]

[Text] Civilian divers discovered fresh traces of a minisub in the Karlskrona basin between Christmas and New Year's last year--about a month before the public found out about the submarine hunt.

The discovery was made by municipally-employed divers who were repairing the water pipe to Hasslo. The tracks are very similar to those that were found after the Harsfjarden incident.

"Reports on the tracks are classified," first staff editor Bertil Lagerwall of the defense staff told SVENSKA DAGBLADET. "But I can say that this is one of the pieces of evidence we have that someone was really there."

Seven Kilometers of Plastic Pipe

Municipal divers Torbjorn Brunstrom and Ove Nordin were asked to make a dive to find out why residents of Hasslo were not getting their drinking water.

Water goes from Karlskrona to Hasslo through a plastic pipe 7 kilometers long located on the ocean floor. The pipe was broken 1,500 meters from the city.

"We thought a lot about why it had broken," Torbjorn Brunstrom said. "But then we found the tracks about 50-75 meters away."

According to Brunstrom they were exactly like the tracks disclosed by the armed forces after the Harsfjarden incident.

"Two parallel caterpillar tracks ran across the ocean floor. Suddenly they disappeared--as if the vessel had suddenly been lifted up."

A theory held by both divers is that the minisub ran into the water pipe and caused the leak.



When municipal divers went down to repair a leaking water pipe they found impressions left by caterpillar treads on the ocean floor. The tracks resembled the ones that were found after the Harsfjarden incident.

Key:

1. Leak

2. Mine area

Fresh Tracks

The tracks were measured carefully and Brunstrom and Nordin got a camera and photographed them. The armed forces has the film in its possession. It is also classified.

According to the divers the tracks were very fresh.

"An eel that makes a hole in the mud on the bottom leaves a black mark where it disappears beneath the surface. After a few days this black mark is wiped out by the silt that flows across the bottom.

"The caterpillar tracks were quite dark. The minisub that left them must have been there just a day or two before."

When the two divers reported their discovery, military divers were sent to the spot. They photographed the tracks with the help of the "sea owl" underwater video camera.

Bertil Lagerwall confirmed that the films exist but said they are classified as secret.

Cannot Compare Pictures

"We do not publish all the pictures we take. They may be needed in the future--as evidence if the violations continue."

He said he did not have access to the material, so he was unable to compare these tracks with the ones in Harsfjarden.

Before the divers working on the water pipe made their discovery the armed forces had had a number of indications. But according to Lagerwall no one "really thought there was anything there."

In early February the search was stepped up. On the 14th depth charges were dropped and several weeks later a foreign diver ran across an island as he left the Karlskrona basin.

Dispute Over Corvettes Continues

Stockholm SVENSKA DAGBLADET in Swedish 27 Sep 84 p 8

[Article by Erik Liden]

[Text] Behind the military leadership's decision to buy four new coastal corvettes lay an intense dispute among the defense branches when OB Lennart Ljung made the final decision to take around 200 million kronor away from the army and the air force.

The chief of the air force, Lieutenant General Sven-Olof Olson has reservations about the decision. He says that if the four-party agreement on defense, which provided 600 million kronor a year extra up to 1987, is to have the significance intended by the politicians, the air force cannot suddenly give back 100 out of the 400 million kronor meant to reinforce that branch of the service during the first couple of years. This would jeopardize the decision on new radar stations.

The chief of the army, Lieutenant General Erik G. Bengtsson, made no reservations about the OB decision but both he and Sven-Olof Olson wrote in their basis for the OB plans that each branch of the service needed at least 200 million kronor a year more to implement the materiel purchases envisioned in the 1982 and 1983 Riksdag defense acts.

Stockholm Archipelago Defenses Increased

Stockholm DAGENS NYHETER in Swedish 2 Oct 84 p 8

[Article by Thomas Jonsson]

[Text] The navy's increased resources for hunting submarines will primarily benefit the Stockholm archipelago and the south coast. In the foreseeable future the Norrland coast and the west coast will have to make do with occasional "surprise" visits from the whole antisub force the navy will now build up.

The geographic focus for future sub-hunting efforts was given by the navy's new chief, Vice Admiral Bengt Schuback, on Monday--his first day in office as head of the navy.

"I am well aware of deficiencies in submarine defenses along certain coastal areas," said Bengt Schuback.

"The only thing I can do to solve the dilemma is to build up complete antisub forces that can be used in surprise moves by the commander in chief and the military district commanders."

The navy and OB are investing 900 million kronor extra in submarine defense in addition to the reinforcement of defense that had been decided on for the period 1985-1990. The strong priority being placed on submarine defense involves one and perhaps two complete new forces with helicopters, airplanes, coastal corvettes, patrol boats, minesweeping vessels and submarines.

Bengt Schuback does not believe in dividing these forces up "fairly but thinly." The Baltic Sea must have priority, he said. The two antisub units he can produce will mainly be used at the south coast naval base--Karlskrona--and in the Stockholm archipelago.

The new head of the navy wants a more professional fleet with the resources to "provide a daily naval presence" along Swedish coasts. The navy's organization on shore is to be streamlined.

Officers Important

"I will emphasize sea units," said Vice Admiral Schuback.

"Officer training is also extremely important. Our draftees are good people. If they get the right leadership we will get good results. The important thing for us is to end the violations quickly, well and professionally."

Bengt Schuback thinks the navy has been right in recent years to stress electronic weapons systems with a long-range impact. He is just as aware of the weaknesses.

"The lack of submarine defense capability and the lack of units. The most important task in the short run is to expand submarine defenses."

Submarine defense will receive a total of 1 billion kronor between 1985 and 1990. This will adversely affect the navy's long-range preparedness, in the view of the head of the navy. It will be hard to implement the objectives in the 1982 defense act. Refresher training, the modernization of combat units and the acquisition of mines and minelaying equipment--all these things must be postponed due to the heavy emphasis on submarine defense.

"What I am afraid of is a vacuum. That is what we had in submarine defense. Now it is vital to make sure that a vacuum does not occur somewhere else," Bengt Schuback said.

"I acknowledge the deficiencies in submarine defense. But I cannot shoulder the blame for what happened. It was a political decision that we could not deal with foreign submarines."

According to Bengt Schuback an improved submarine defense would also include "more flexible" working time rules for defense personnel.

"We must have a daily naval combat presence. We cannot follow work hours and conduct exercises in the old way. I would like to have working time regulations that are a little more adapted to emergencies," the vice admiral said.

Palme: Subs Risk Sinking

Stockholm DAGENS NYHETER in Swedish 3 Oct 84 p 9

[Article by Dick Ljungberg]

[Text] The government will not hesitate to act against those who violate Swedish territory. This was stressed by Prime Minister Olof Palme in the government statement on the occasion of the opening of Riksdag on Tuesday. He also launched a sharp attack on the Center Party for its technical election cooperation with KDS [Christian Democratic Party].

The foreign policy section of the government statement was unusually long. Palme had already said most of it at the Social Democratic Party congress, but it was something new that the government statement included the point that Sweden is prepared to sink an intruding submarine.

The foreign policy section also made it clear that Sweden is willing to engage in talks and exchanges of opinion (with the Soviet Union) even in tense situations when there are differences of opinion.

"The fundamental security policy pattern in northern Europe is unchanged, but its strategic interest, especially with respect to the northernmost part, has

increased," said Palme. "There has been a military buildup in our immediate vicinity. At the same time our territory has been violated on several occasions."

This intensifies the demands on the neutrality policy.

Strong Defense

The Swedish government will implement this policy with strength, clarity and consistency. Expectations should not be created on one side or fears on the other, that there will be deviations from the line of action that has been chosen.

"We must preserve the confidence of our neighbors in our resolve not to abandon the policy of neutrality even under strong outside pressure, not to be an outpost for one military alliance or another," Palme continued.

"Foreign policy is our primary line of defense. We will go along with talks and the exchange of views even in tense situations or when differences of opinion prevail.

"We are basing our neutrality policy on a defense that is relatively strong in view of our circumstances. Our resources for detecting and acting against foreign intruders in our waters are increasing. The government will not hesitate to step in against those who violate Swedish territory."

At the end of the government statement Palme took up the agreement between the Center Party and KDS to cooperate in the 1985 election on a technical basis.

"It has been a strength for Swedish democracy that there has been broad agreement on the principles underlying our constitution. In order to safeguard the effectiveness of Riksdag, there has been broad agreement on keeping small parties out.

"But with the cooperation of one of the parties in parliament, another party could be represented in Riksdag after the next election, although the party itself does not have the power to obtain such representation. This means that the constitution will be circumvented and the agreement surrounding our government customs will be broken. This is highly deplorable.

"It is an important task for the new committee on democratic rule," Palme said, "to create firm election rules that counteract splits and insure respect for our constitution."

On the Right Course

Concerning the economy, Palme said that the downward trend had been broken, Sweden is once more on the right course. But much remains to be done.

"If we are to succeed with our economic policy there must be great strictness in budget activity. This means that there is no room in the current situation

for costly new reforms or tax reductions. We must make use of opportunities to increase revenues or reduce spending. In this kind of situation it is especially important to distribute the burdens fairly."

If the government's inflation goal of 3 percent in 1985 is achieved, there will be good conditions for both reducing unemployment and increasing real wages, in Palme's view. One condition for achieving this goal is that labor contracts lead to maximum wage increases of 5 percent.

"With this in mind the government will hold discussions with the factions on the labor market. They have backed the government's assessment of the total amount of wage increases that can be granted in 1985. It will be the responsibility of the various factions to express this agreement in the contracts," Olof Palme said in the government statement.

Harsfjarden Entrance Being Blocked

Stockholm DAGENS NYHETER in Swedish 6 Oct 84 p 16

[Text] The northern entrance to Harsfjarden will be entirely blocked off from now on. Only one passage will be left according to a proposal from the chief of the east coast naval base, Bengt O'Konner.

In connection with the submarine hunt in Harsfjarden 2 years ago the northern entrance to Harsfjarden was blocked with so-called indicating barriers, in other words barriers that indicate the passage of submarines, among other things. These were later supplemented with submarine nets in the sound between Alvsta Langholm and Langholmsgrund.

Since the foreign submarine activity in Swedish waters is continuing, Bengt O'Konner feels it is appropriate to set up better and permanent barriers. They will now have a new extent, which means that the Rorholmen-Furuholmen channel and the Furuholmen-Langholmsgrund channel will be blocked. Only one passage to and from northern Harsfjarden (Langholmsgrund-Alvsta Langholm) will be kept open.

6578

CSO: 3650/14

EFFECT OF CABINET CHANGES ON PARTIES' ECONOMIC PROGRAMS

Zurich NEUE ZUERCHER ZEITUNG in German 22 Sep 84 p 17

[Text] Presently, Austrian politics is in the midst of a struggle for the center. Federal Chancellor Sinowatz has to convince the socialists--far too loyal to their principles--that the right-left dichotomy is outdated and although he denied that a change in policy would be necessary to accomplish this, he has laid a middle course for the SPOe (Austrian Socialist Party) after the reshuffling in the cabinet. Graff, secretary general of the OeVP (Austrian People's Party), claimed this position for his party. According to Graff, the left wing of the SPOe will not allow a moderate orientation. Also according to Graff, even Helmut Schmidt had failed recently with this plan. Graff says that while Sinowatz would like to make the SPOe attractive also to businessmen and managers, the OeVP welcomes ever increasing numbers of the workers.

Problems for the People's Party

For all that, it is hardly a change in the orientation of both large parties--incidentally, even the FPÖe wants to be considered a party of the center. Federal Chancellor Sinowatz has tried to throw some ideological excess baggage overboard so as to find an alternative for every voter who joined the SPOe because of Bruno Kreisky. Whether he can hang on in this way to the left wing of the party has yet to be seen. However it is improbable that those ideologically oriented socialists who are repelled by Sinowatz's pragmatism in economics will turn to the People's party. More likely, they would be drawn to alternative groups. However this much is certain, that the middle course and the reshuffling in the key ministries (Finance and Transportation), as well as in the nationalized industries will cause problems for the OeVP. Finance minister Vranitzky wants to abolish the tax on income earned from securities that was met with fierce resistance from the opposition. And he is likewise thrust onto controversial grounds through a readjustment of the revenue sharing which favors the local governments (Gemeinde) and, to a more limited degree, the provinces (Bundesländer). In the past few months the OeVP's important arguments have for the future lost their effectiveness.

OeVP chairman Mock has recognized the situation and remarked that little can be achieved by heavy barrage. It is impossible to get at Vranitzky and Lacina--the new persons in charge of the SPOe economic policy--with the current

controversy. Once again fewer experienced economists will be drawn to the party. Previous party chairman Taus was one of the first to draw up a list of requirements for industrial policy. Among other things, Taus calls for better coordination within the government on policies concerning technology; aggressive export measures, including supporting the creation of subsidiaries abroad; further tax cuts in the creation of venture capital; tax free years for newly founded businesses; as well as strengthening traditional branches of industry, such as the furniture industry which has become very heavily dependent on imports. Finally, according to Taus, the responsibility of the OeIAG, the umbrella organization of the nationalized industries, would be to strengthen its position in relation to the government. For many years now nationalized industry has existed on a bare minimum. To remain viable, it must strive to increase the cash flow from 2 percent to 5 percent once again in 1984.

Financial Policy Demands

The economic council of the OeVP has likewise summarized its evaluation criteria for the government in 10 points with the help of a group of experts working in the background. On the one hand, this authoritative list from Prof. C. Andreae, the financial economist from Innsbruck, strengthens the well-known and traditional demands of the OeVP, such as the complete elimination of tax on income earned from securities (including savings accounts), tax reductions for promoting medium-sized industrial firms, a decrease in the state's share, the transition to indirect investment demand, and reduction of the budget deficit. On the other hand, the list (reflecting Andreae's disposition) contains some considerations which even the OeVP should also embrace, such as wealth formation in its own industries, dismantling subsidies, challenging the postal monopoly (because it inhibits technical progress), stronger bonding of the powerful unions in taking responsibility for the state-owned railroads, and finally the challenge of considering young individuals with alternative ideas as potential entrepreneurs who would be more likely than foreign companies, to create with their ideas permanent jobs in the structurally weak areas. The last few propositions are probably barely palatable for a mass party such as the OeVP with all its intertwinements.

What can be clearly seen is that the cards in the political game in Austria have been newly reshuffled through the largescale reorganization of the government. The opposition is forced to govern with flexibility. The differences between socialist policies of the "middle" and capitalistic policies must be recrystallized. In that case the SPOe would prove to be less flexible in dealing with the economy than the federal Chancellor Sinowatz thinks and would have to pull finance minister Vranitzky back from dogmatic courses.

12348

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SCHLUTER BEGINS THIRD YEAR WITH PLEDGE TO CONTINUE AUSTERITY

Possibly Fateful Year for Government

Copenhagen BERLINGSKE TIDENDE in Danish 30 Sep 84 p 18

[Editorial: "The Third Year"⁷]

[Text] At the opening of the sessional year of the Danish parliament, Poul Schluter will as prime minister for the third successive year be accounting for the policy pursued by the government. When presenting his report on Tuesday, he will--also for the third time--be confirming the target which the four parties set themselves when they formed their government with the task of carrying through the economic recovery. That is the target which has been set in three important areas:

The balance of payments deficit will have to be removed within the next few years in order for the country to be able to start paying off its debt abroad. The international value of the krone will have to be maintained.

The deficit on the state finances will have to be cut year by year in order to be gone by the end of this decade. The deficit of the state is not to be reduced through an increase in the pressure of taxation.

A tax reform will be carried through to ease the pressure of personal taxes. It will at the same time ensure a reasonable distribution of the burdens of taxation and encourage industry and initiative. The system of taxation will become simplified, and the possibilities of tax dodging will be reduced as much as possible.

These three concisely formulated objectives are related, and they will have to be fulfilled in order for the unemployment problem to be solved effectively. They have been the basis for the government's work throughout 2 years, and they cannot be departed from without causing the collapse of the government. It is a policy that is very difficult to carry through, and the government parties will have to admit setbacks and disappointments. However, the will to maintain the line must remain unabated even it will be tested severely in the coming sessional year of the Danish parliament.

The two first objectives--in connection with the balance of payments and the state finances--make heavy, long-term demands upon the government. The third objective--the tax reform--on the other hand, will, in the coming months, be regarded as an acute task which will have to be solved without much delay. The Radical Liberal Party which, fortunately, is very much in agreement with the government on its position, has, more or less, made it an ultimatum that the tax reform be carried through. The Social Democratic Party which, otherwise, completely turns its back on the government, seems in this area to intend to fight to obtain an actual influence on matters. It will be a good thing if such a reform may be adopted in broad agreement. The government will have to make a real effort for this.

The third year of the government may become the year in which the government seals its fate. Will it be able, in its actions, to adhere to its objectives and make good progress toward achieving them, or will it be forced into situations which will cause it to vacillate? Time will show, but there ought to be no reason to believe that it will not succeed.

Permitting Moderate Consumption Growth

Copenhagen BERLINGSKE TIDENDE in Danish 3 Oct 84 p 8

[Article by Dan Axel]

[Text] Prime Minister Poul Schluter yesterday killed every rumor to the effect that the government would be in the process of planning an early intervention against the increasing private consumption. On the contrary, it is now clear that the government will be ready to accept a temporary large balance of payments deficit to provide more scope for business in the beginning upswing.

In his opening speech to the Folketing, the prime minister established that the tight economic policy of the government will have to be adhered to in order for Denmark to enter the next century as a country in progress. "We have to adjust to the future by making the Danish society better suited--through reforms and structural changes--to exploiting the possibilities provided by the technological development," Poul Schluter said.

This implies, among other things, that the daily unemployment benefits scheme will have to be modernized--that a majority will have to be achieved in support of the principles of a tax reform--and that the educational system is made more business oriented.

Finally, it was pointed out that the cooperation between the Radical Liberal Party and the government has given such good results that it will have to continue. Radical Liberal sources have informed BERLINGSKE TIDENDE that the Radical Liberal Party and the government are very close to an agreement on where to make the 3 billion kroner cut in the budget. Negotiations have been carried on for several weeks, and the final budget agreement may become ready as early as on 15 October when amendments to the budget will be presented to the finance committee.

Schluter's Folketing Address Weighed

Copenhagen BERLINGSKE TIDENDE in Danish 3 Oct 84 p 8

[Editorial: "Will There Be Enough Strength"7

[Text] The opening address of the prime minister was marked by two dominant tasks which will invariably give rise to the question whether the government will have sufficient strength. There is no doubt about the will of the coalition parties. At the beginning of the new sessional year of the Folketing, the four-leaf-clover government is still marked by its readiness to show its ability to carry through a policy in accordance with the objectives it set for itself when it took over the government power after the chaotic collapse and inability of the Social Democratic Party to meet the challenges. However, all governments have an easy time during the first year and will always find things more difficult in the following years. The longer a government has been in power, the bigger will be the demands made of it.

The only task outlined in clear language by Poul Schluter to the Folketing is the task associated with the economic recovery. In order to solve that task it is imperative that the policy which was initiated 2 years ago be adhered to. This theme was so prominent in the prime minister's speech as to leave no room for concern whether the government might relax its efforts or be forced to introduce measures which would undermine the possibilities of attaining that goal. The fact that, in his opening address, the prime minister stated that the finance policy will be adjusted if the expectations of an improvement of the balance of payments are not fulfilled in the course of the coming months clearly showed the readiness on the part of the government to adhere fully to that policy.

The other task which dominated the address was the desire to further a development in accordance with the liberal basis which the coalition parties have in common. That task reflects the efforts started by the government long ago with a view to modernizing the society in many areas. Poul Schluter discussed the attitude "which is based on the sense of responsibility and readiness and ability on the part of the individual human being to, first and foremost, make an effort himself to improve his own as well as his family's situation," and he stressed constant efforts to "limit the guardianship toward the individual human being and give the citizens more freedom to chose for themselves and take the responsibility for their choices." He discussed in more concise terms technological developments and the reforms and reorganizations on which they will be working.

The government will at the same time strengthen the consistent economic policy and work on reforms which will change the everyday life of the society to a large extent. The first task requires incessant efforts, which often will be taxing. The second task requires a strong will to work out with imagination and enthusiasm the schemes which, in the long view, may lead to an altered social system. The two things are interconnected since the good results of the economic

recovery may very easily become jeopardized anew should there be a relapse to the ideas of the past on matters concerning the economy. That is why the government was right in devoting the major part of the opening address to these two tasks. The government, moreover, no doubt realizes that the very next sessional year of the Folketing--the third sessional year for the government--will show whether the four parties will have the strength to lead the society into a happier future.

Concern Over Trade Balance

Copenhagen BERLINGSKE TIDENDE in Danish 3 Oct 84 p 8

[Editorial: "Difficult Task"⁷

[Text] The task which the government is in the process of solving in connection with the further implementation of its economic recovery policy is an extremely difficult one. It also appeared from the prime minister's opening address in the Folketing that the government is concerned over the growth of the balance of payments deficit. That trend started during the second half of 1983, and in particular during the first 6 months of 1984 the balance of payments deficit has reached a considerable level. It is now declining again, but for the year as a whole the deficit on the current account of the balance of payments is expected to amount to 16 billion kroner, and for example the Central Bank expects the deficit to become even larger.

In his opening address, the prime minister stated that the government was right in accepting a temporary increase in the balance of payments deficit. Immediate intervention might have ruined the possibilities for the beginning economic upswing.

Actually, there is nothing remarkable about the increased balance of payments deficit. It has all the time been clear to everybody that economic upswing and growing investments were bound to cause a deterioration of the balance of payments. This is quite a natural phenomenon, and in many other countries it would not have attracted too much attention.

In Denmark, however, the external economy situation is very exposed. This is due to about 20 years of constant deficits on the current account of the balance of payments which have caused our net foreign debt to increase to 200 billion kroner. This development results in large interest payments abroad, which, these years, clearly exceed the magnitude of the total deficit. This means that a situation which to other countries may be regarded as a transitional deterioration in conjunction with an expansion of business activities, in the case of Denmark, will soon cause international attention to focus, in an unfavorable manner, on the economy of the country.

That is why it was important for the prime minister to establish that achieving a balance of payments equilibrium by 1988 remains the goal of the government. Should the expectations of a declining balance of payments deficit not come true, it may become necessary to adjust the fiscal policy in the course

of the winter. As appears from the economic report issued by the economic research department of the government, it is absolutely essential to, at least, maintain the present line of the budget policy for the public sector, as well as to keep cost increases in this country clearly at the minimum level of cost increases abroad.

The government has reason to be gratified that, after 12 months of stagnation, it has succeeded in reviving the private business sector. That trend should not be jeopardized through panicky measures of intervention. However, due to the sins of the past, the possibilities of an improvement in the balance of payments are extremely limited.

Weakest Economy Among Nordics

Copenhagen MÅNEDS BØRSEN in Danish Oct 84 pp 19-20

[Commentary by Torben Nielsen, chief economist]

[Text] Denmark is doing poorly compared to the other Nordic countries. Norway is making money on oil, the Finnish economy is receiving top grades, and Sweden's balance of payments deficit is almost gone.

We are ashamed to admit that our Nordic sister nations have a better hold on their economies than we do.

Norway earns large amounts of foreign exchange on its North Sea oil and has repaid one fifth of its foreign debt of 100 billion Norwegian kroner incurred prior to 1980.

With its 16 percent devaluation in the fall of 1982, Sweden gave a huge impetus to its export sector, while the Swedish consumer had to tighten his belt and thus make his contribution to the almost entire disappearance of the balance of payments deficit.

The August issue of the esteemed periodical EUROMONEY appointed Finland the "Nordic miracle," the reason being that, simultaneously with a growth rate of as much as 5 percent, Finland has succeeded in keeping the inflation under control and put an end to its borrowing abroad.

Compared to the other Nordic countries, the Danish economy is managing well as far as inflation rates and industrial production are concerned--though not markedly better. In contrast to the other Nordic countries, Denmark continues steadily its borrowing abroad.

What has then been the reason for the better development in the other countries? Generally it is found that apart from the devaluations in the fall of 1982 of all three Nordic currencies, Norway, Sweden and Finland have been pursuing an economic policy which has many features in common with the policy

pursued in this country: restraints on the consumption of the private and public sectors through a tight fiscal policy and, in addition, intervention in the area of labor costs to improve the competitiveness of the Danish trades and industries.

The oil and gas sector today accounts for nearly 20 percent of Norway's gross national product and for slightly more than one third of Norway's total exports. It, therefore, is evident that the developments in the oil and gas production, in oil prices and the dollar rate of exchange are of decisive importance for the total economy. The strong dollar is thus an important factor behind the handsome balance of payments surplus of Norway, which, this year, is expected to be of at least the same magnitude as the 16.4 billion Norwegian kroner of last year.

The foreign exchange earnings on the North Sea oil have thus now reached such levels as to enable Norway to start paying off its foreign debt which, to a large extent, was incurred for the very reason of enabling the country to undertake investments in its oil and gas sector. However, the dependence upon oil worries the Norwegians because, due to the oil earnings, Norwegian industry has been allowed to lag behind for a number of years. Wage increases in the oil and gas sector have spread into other sectors, and the strong Norwegian krone has resulted in a deterioration of the competitiveness of Norwegian industry, and, as a result, the industrial production has remained stagnant during the last decade.

Wage agreements for the coming year involve an average wage increase of 5.9 percent and will result in a slight deterioration of the competitiveness. Norwegian industrial exports, however, have managed nicely during the past 12 months. In 1983, industrial exports increased by nearly 10 percent, but the rate of increase has since then slowed down, and a zero growth rate is expected for 1985.

The rate of inflation is expected to drop to an average of 6 percent in 1985. The unemployment rate, however, is on the increase and is now 4.7 percent. There is hardly any doubt that the very unemployment problem will be a factor of major importance in the preparation of the economic policy to be pursued till the next election in the fall of 1985.

As late as in 1982, Sweden was struggling with a balance of payments problem of more or less the same magnitude as that of Denmark. However, the severely criticized 16 percent devaluation of the Swedish krona in the fall of 1982 paid off. The volume of exports increased by as much as 11.5 percent in 1983, and, as a result of a tight fiscal policy, imports have been kept down. The improvement of the Swedish balance of payments is so pronounced that it is expected to be in equilibrium this year and a surplus is expected in 1985 after a deficit of 22.5 billion Swedish kronor in 1982 and 7 billion Swedish kronor last year. However, prices and wage costs in Sweden have increased more than the OECD average in the past year and have thus made inroads on part of the devaluation gains. In mid-April, the government carried through a number of measures of intervention, including a price freeze, reductions of

the liquidity of enterprises and municipalities and limitations of purchases on credit via credit cards, all of them measures of intervention which would contribute to lowering the rate of inflation. Pressure was exerted on the parties in the labor market, and after an agreement had been reached on a framework for wage increases during the coming year of 5 percent, the price freeze was lifted anew in July. It is now realistic to expect a rate of inflation of 6.5 percent in 1985 as against 7.5 percent this year.

The sharp increase in exports has given strong impetus to Swedish industry. The industrial production is expected to increase by 6 percent this year, and the return on capital has now reached such a high level that an increase in industrial investments is officially expected of as much as 15 percent this year.

The Swedish consumer will also this year have to tighten his belt, while there will be room for a slight increase in the consumption of the public sector. The sharp growth rate of the economy has reduced the problem of the growing public budget deficit. It is now estimated that the deficit on the state finances will amount to 67 billion Swedish kronor in the fiscal year 1984/85 compared to an earlier estimate of 80 billion Swedish kronor.

Finland has since 1979 had an economic growth which has been above the OECD average. A growth rate of 5 percent is expected this year, i.e. double the average growth rate of the Western industrialized countries. The balance of payments deficit has dropped at the same time, and the inflation is now getting under control. At present, it amounts to 7.5 percent on an annual basis.

There is every indication of a lower inflation rate during the coming year. In most places within the labor market, wage agreements have been concluded which keep wage increases at the level of 6 percent. In addition, the authorities seek to check the inflation by way of a high interest policy which ensures a strong Finnish markka and thus lower import prices.

On the other hand, it is uncertain whether further improvement of the balance of payments may be achieved, for there is much to indicate that the growth rate of exports will drop somewhat. This is due partly to the prospect of a lower growth rate in the OECD area and declining sales to the COMECON countries and partly to the fact that the lumber industry is unable to expand its production further.

Finland has for many years had a deficit on the current account of its balance of payments and, by the end of March, had increased its foreign debt to 47.5 billion Finnish markkaa net. The debt is equivalent to 18 percent of the gross national product, i.e. half the Danish level. Only 10 years ago, Finland had a larger foreign debt than Denmark seen in relation to the gross national product.

In 1982 and 1983, Finland pursued a very expansive fiscal policy which stimulated the consumption of the public as well as the private sectors. The devaluation of 10 percent in the fall of 1982 gradually created the basis

for an upswing in exports, which this year are expected to increase by 7-8 percent in fixed prices. The relaxed fiscal policy has this year been replaced by a tighter course, and in 1985 as well the fiscal policy is expected to have a dampening effect on the economic activity. The deficit on the national budget is not very large, seen in an international context, and the Finnish national debt is estimated to reach a level of 15 percent of the gross national product by the end of this year. The corresponding figure for Denmark will be well over 75 percent.

7262

CSO: 3613/11

AGING, SHRINKING POPULATION THREATENS ECONOMY, TECHNOLOGY

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Aug 84 pp 52-55

[Article: "War of the Generations"]

[Text] The population is on the verge of senescence and so is the national economy. The old people's republic of Germany is not going to be a tranquil rest home. If technological progress slows down, distribution conflicts will become rampant.

After his vacation, Manfred Woerner wants to take the offensive. Exactly how to go about it, however, the commander-in-chief of Hardthoehe [site of the defense ministry] does not know yet. So far, only one thing is certain: In spite of the fact that the age groups reaching draft age in the next few years show a low birthrate, the required strength of the Federal Armed Forces is to be maintained. To this end, the fitness requirements have to be lowered; it may also be necessary to extend the term of military service and, possibly, to draft women.

While the universities and the labor market are still groaning under the consequences of the baby boom of the 1960's, the baby slump--having already reached the kindergartens and schools--will soon be taking effect in the Federal Armed Forces: 1969 was the last age class meeting the annual requirement of 250,000 new inductees. Once they are drafted, it will be downhill all the way--to a shortfall of 100,000 draftees in 1997.

For the time being, the labor market will be spared such drastic consequences. Here the supply is declining relatively slowly and the demand is showing a far less rigid response. Thus, while the number of persons capable of gainful employment will be decreasing after 1990, it will take at least another 10 years until the present level is reached again. As to the development of demand, on the other hand, which is dependent both on economic growth and on productivity gains, one can only speculate. Regarding the Federal Armed Forces, the situation is quite different: As long as their required strength is determined by political decisions, replacement of the factor man by (arms-) technology--i.e. increased productivity--is out of the question.

The situation of the Federal Armed Forces is an excellent illustration of the effect of the decline in the birthrate; to demonstrate this effect for economic development, the economists have to resort to a theoretical model based on ceteris-paribus assumptions. In this model, one factor, in this case demographic development, varies, while all of the other factors remain constant--conditions rare in the real world and nonexistent in the realm of economics. Forecasts on the consequences of a population decline cannot dispense with such constructs--and should therefore be taken with reservations.

Up to the year 2000, however, the consequences of the baby slump can be described with reasonable accuracy. By that date, schools and kindergartens will have to be closed. The universities and trade and industry will court the rising generation. The number of households--and along with it, certain demand, e.g. demand for housing--will be declining. None of this will be dramatic, however. On the contrary: As compared to the storms impending in the next century, the decline in the birthrate in the coming decade will at most be a mild breeze.

The magnitude of the problems arising thereafter is indicated by the development of the German working population. According to Professor Bernhard Felderer, a Cologne economist, the number of people capable of gainful employment will decline--provided the birthrate remains constant--from approximately 28 million in 1980 to 17.8 million in 2030. According to this theory, 40 years later no more than approximately 10 million Germans will be working--provided the age-related employment rate remains unchanged. If in the year 2000 the net reproduction rate (which, in simplified terms, denotes the number of girls borne by women in the course of their life) gets up to 1 again and if the long-term stability of the population thus is assured, by 2030 the number of people capable of gainful employment will nevertheless drop to 20 million on account of the previous age group's having had low birthrates (see graph).

There are no empirical data on the consequences of such a development. Theory--as far as it is based on John Maynard Keynes--is unequivocal: according to the Keynesians, population growth stimulates the economy. People want to satisfy new needs and this results in additional investment. In those industrialized nations, on the other hand, where the population is not growing or even declining, investment drops off, because with incomes rising people tend to reduce consumption and save. On account of the increase in capital stock, it becomes more and more difficult to find promising investment projects. Consequently, there are fewer investment incentives, incomes and employment decline or rise more slowly, and investment keeps shrinking. Thus the conditions are set for a downward spiral.

It would be an illusion, however, to hope for increased sales in neighboring countries, since the decline is paralleled there. In all industrialized countries, trade and industry will in varying degree be confronted with similar problems. While population figures--and thus demand--will be rising sharply all over the world, this will entail further impoverishment for the countries of the Third World. Thus, selling the products of the industrialized nations in the world market will be more difficult than is presently the case in certain regions.

Theoretically, the deficiency in private demand could be compensated by the state. The ecology journal NATUR calculated that the population decline could be used to effect savings of DM 75 billion, including approximately 50 percent of the funds spent on schools and preschool education (approximately DM 23 billion) and 25 percent of the money allocated to the universities (another DM 4.8 billion). This calculation assumes, however, that public services could be reduced proportionately. On account of the low degree of flexibility of public service employees, this is doubtful—at least in the short and medium term. For although it is true that since 1977 hiring in the educational sector has been sharply reduced, the sector's expansion in the 1960's entailed an uneven age distribution of the employees, thus precluding proportionate reduction. Besides, in the face of a population decline it is necessary to improve the training of the rising generation and to expand advanced-training facilities. This results in a sharp increase in the costs per student trained.

Similarly, expenditures on public buildings and streets cannot be cut at will. The state has to maintain part of its infrastructure, even if utilization falls off. On account of the reduction of capacities, the living standard of the population will tend to deteriorate. The per capita costs will be increasing just the same: public expenditures will go up. Felderer thus expects the population decline to cause a "massive strain on state budgets."

Trade and industry thus cannot expect any state support. Exports are likely to decrease rather than increase. Nevertheless, the thesis of declining demand remains controversial. The "Report on Population Development in the Federal Republic of Germany," the second part of which deals with the "effects on the various sectors of state and society," includes both arguments corroborating and arguments calling in question a decline in demand. Thus, the savings rate may rise, because—

- the per capita income increases--the GNP is distributed among fewer people;
- as the birthrate declines, gainful employment of women and thus family incomes keep rising;
- the basic household requirements decline and older people show a higher savings rate;
- as people are unsure of the future, providential saving intensifies.

At least as far as medium-term developments are concerned, however, the changes in the population structure could also be argued to cause a drop in the savings rate: comparatively speaking, the population of the spending-age bracket increases; the decline in the birthrate makes for a choice of consumption over children, and the orientation toward providence weakens as fewer families have children. It is only in regard to the structure of demand that changes among the population can be predicted with certainty. Since the per capita income increases—at least in the medium term--the demand for basic foodstuffs, toys and children's wear will decline, while durable goods and stylish and high-quality products will be in greater demand. Even a drastic

drop in the demand for housing such as is expected in the event of a decline in the total number of households can be partly offset by greater needs concerning per capita living space and qualitatively better apartments. The branches concerned thus are given time to reflect and consolidate.

According to Guenter Buttler, professor of statistics at the University of Erlangen-Nuernberg, the effects concerning the next 15 years are "more favorable than the long-term effects." As to what will happen--*ceteris paribus*--when investment must be curtailed in accordance with the decline in population, when the shock over the loss of consumers causes the investment climate to deteriorate, one can only speculate. That such "demographic effects on supply and demand components exist" is not denied by the authors of the Federal Government report. In their view, however, "consideration of the many other, frequently more influential variables" may "considerably change and even reverse the situation." Although the population development may intensify the adjustment pressure on industry, they feel that "in all, the direct and indirect effects on future economic growth cannot be considered significant."

Since industry is undergoing a reorganization and modernization process and since new technologies are revolutionizing the production processes, while increasingly strict environmental protection requirements are limiting hitherto free production factors, it is impossible to project any trends. "New trend levels and rates," the Federal Government resignedly stated, "are not yet in evidence, however."

In a study entitled "Trade 2000," Udo Frenzel and Joachim Scharioth of the Frankfurt Battelle Institute drew up two extreme versions of what the Federal Republic might possibly look like in the year 2000. According to "Scenario A," there is worldwide protectionism, with the developing countries forming raw material cartels. Social conflicts are increasing, and the Federal Republic's internal stability is threatened. Growth rates have for years been staying at -1. Unemployment remains high and the unemployed live at the subsistence level. Microelectronics is used only on a limited scale and gene technology has not made any substantial progress.

In "Scenario B," the situation is quite different: There is a cashless transfer system, and modern communication and information technologies have revolutionized work and leisure activities. Gene technology has produced some positive results, e.g. "a tomato-potato hybrid that greatly helped assuage the world food crisis." New values are generally accepted. Economics and ecology are in harmony: brave new world.

However fascinating such mental exercises may be: Whether there will be rampant xenophobia, as "Scenario A" suggests, or whether "Scenario B" is right in depicting the Federal Republic as a multiethnic state with a growing population is anybody's guess. Scenarios for the next century would have to be even more utopian: data on the effects of the population decline cannot be obtained this way.

For all that, the economists are agreed that apart from the unpredictable political effects the crucial factor in regard to the future development of economic growth is technological progress. Ultimately, it will depend on technological progress whether and how much the population decline affects the social product, whether the demographic problems can be solved (because they can be financed) and whether the industrialized Federal Republic of Germany will be condemned to economic insignificance. According to Professor Josef Schmid, a Bamberg demographer, "the capacity for scientific innovation and technological development of production and society will be the acid test of the future."

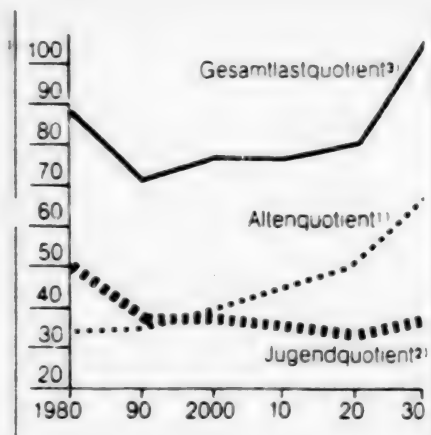
If one gives credence to a much-quoted thesis, the situation is not very promising in this regard. According to this thesis, only a population boom will produce the problem-related pressure that ultimately results in technological progress. If this pressure subsides, the innovative urge disappears. This thesis remains unproven, however. Problem-related pressure may be caused by other factors, e.g. by a shrinking population.

The changing structure of the working population may be more dangerous. The average age of this population segment will be rising sharply. While the percentage of working persons between the ages of 45 and 60 will be increasing in the course of the population decline, the percentage of younger working people (and after the year 2000, the percentage of middle-age groups as well) will keep declining. According to Schmid, however, "the disquieting question is whether the narrowing youth base of the age pyramid will still yield sufficient new talent in terms of a national intelligentsia mastering and competitively developing the technology and science of its time."

This is the fateful question pure and simple. The decisions made today in regard to educational policy determine how this question will be answered tomorrow. Professional and advanced training are becoming the most important investment. Thus, an excessive reduction of educational facilities--such as appears to be indicated by strained state budgets--is out of the question. In the enterprises, the rise in the ratio of older people to the total work force not only curbs innovative energy, because fewer young experts introduce new knowledge acquired in universities and training programs. It also threatens productivity, because as people grow older they are less prepared to learn new things and less capable of adjusting to new requirements. To keep productivity from drying up, the older employees have to change their view: buzzwords such as lifelong learning, flexibility and mobility up to old age will become reality--a bitter reality for some. If there is no young talent, even older people will have to retrain for new jobs and acquire and use new skills.

At any rate, it seems certain that the old people's republic of Germany is not going to be a tranquil rest home. Nevertheless, the threat of political and economic senescence is real. After all, the average age is increasing and pensioners are going to form a strong lobby--an unfavorable climate for innovations.

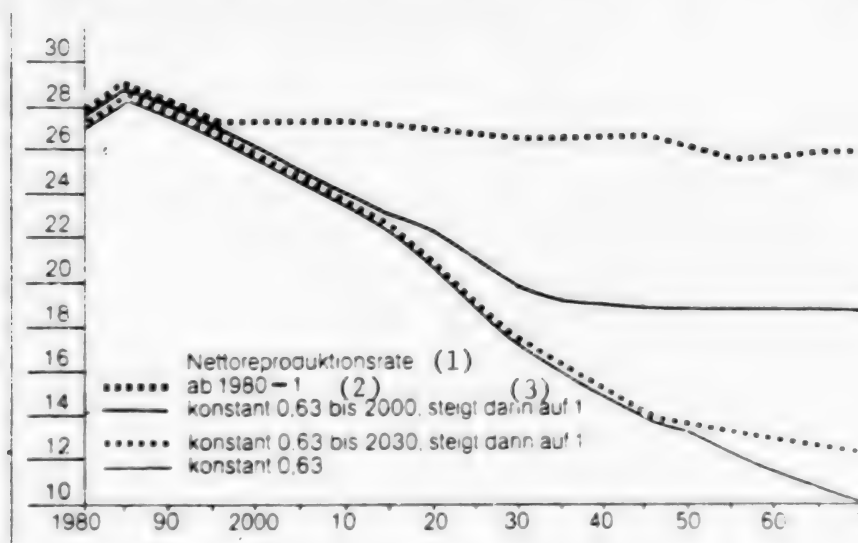
Graph. Development of the Social Burden Quotient (Old people, Young people, and Total) at a Constant Net Reproduction Rate of 0.627 from 1980 Until 2030 (%)



Key:

1. Old-age quotient: Persons 60 years old and over as against persons between the ages of 20 and 60
2. Youth quotient: Persons under 20 as against persons between the ages of 20 and 60
3. Total burden quotient: Old-age plus youth quotient

Graph. Development of the Working Population in the FRG, Based on Various Assumptions Concerning the Development of the Net Reproduction Rate Between 1980 and 2070 (in millions)



Key:

1. Net reproduction rate
2. From 1980....
3. Constant 0.63 until 2000; subsequently, goes up to 1

As it gets more difficult to adjust to the new requirements and thus to effect sufficient economic growth, the distribution conflicts between the generations will intensify. For the burden on the shoulders of the few people fit for work is getting heavier all the time (see graph). Thus, the social insurance contribution rate would have to increase from the present 18.5 percent to 35 percent in the year 2030, if the present pension level is to be maintained. If the contribution rate were frozen at the present level, the pension level would have to be reduced by half. Medical insurance threatens to be an additional burden. Since the frequency and duration of illness increase as a person grows older, economist Felderer considers a demographically related contribution rate increase of 30 percent to be conceivable within the next 50 years.

The optimists among the economists are taking comfort from the thought that all this could be financed through sufficient economic growth, but the additional burden on the working population will very soon reach the pain threshold, once the desired long-term growth proves an illusion. Then there may break out a war of the generations. Deserters will seek refuge in the tangled thickets of the shadow economy. The collapse of the social security system would be inevitable.

Reform proposals are being offered by the dozen. Most of them do not go beyond limited measures such as modification of the gross-earnings-related pension adjustment. Others recommend introduction of a capital coverage system patterned after private life insurance. Kurt Biedenkopf's Bonn Institute for Economic and Social Policy (IWG) proposes a three-stage model, according to which a basic insurance--financed through the value-added tax--guarantees a living wage for everyone. On top of this, a performance-based pension will be available up to a certain income limit. Those who exceed this limit take out private insurance.

Even a general separation of the pension system from the working people's earnings is under discussion. Demographer Schmid goes even further: "The pressure exerted by demographic developments in regard to old-age security is not unlike the pressure caused by the employment deficits and the shadow economy. If these stress factors get to be combined, it will not make sense any more to secure the state revenue through earned incomes." According to Schmid, a combination of indirect taxes and a tax on production could be a way out.

However the financing problem may ultimately be solved: The future old-age security system must also put an end to redistribution among the working people. "The way we set it up," critically comments Oswald von Nell-Breuning, the Nestor of Catholic social leaders, "our social pension system represents a scandalous reward for childlessness." Those who raise children make a two-fold contribution to the old-age security system: through the privately met costs of child rearing and the socially shared costs of old-age insurance.

Only through radical reform will it be possible to defuse already in the initial stages the built-in distribution conflicts of the future. To accomplish this, the time is right: not until the next century will the effects of the declining birthrate be felt in the pension system.

One promising reform has already been initiated, after all. From a demographic point of view, flextime work arrangements such as are now conceivable on a modest scale after this year's wage agreements are a downright necessity. In the future, highly trained employees will have to work much longer hours--and accordingly earn more--than unskilled employees. In times of labor shortage, an increase in part-time work may drive up the employment rate, because work and children can more easily be reconciled. Older employees can ease into retirement by stages. The working life of highly trained employees in particular will thus be extended again. This, too, will mitigate the distribution conflicts.

Such adaptation processes are inevitable, if the challenge of the population decline is to be met. Even so, however, it will not be possible to prevent certain negative long-term consequences: economic growth, per capita income and technological progress will rise more slowly or decline more quickly than would be the case with the population growing. Expert Felderer holds out hope, however: "The great apocalypse will not take place."

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CSO: 3620/440

PRIME MINISTER FABIOUS ON SOCIALISM, ECONOMIC GROWTH

Hamburg DER SPIEGEL in German 17 Sep 84 pp 134-139

[Interview with Laurent Fabius, French prime minister, at Matignon Hotel, Paris, by Klaus-Peter Schmidt and Dieter Wild: "The State Must Not Meddle Everywhere"; date of interview not given]

[Text] Laurent Fabius is considered Francois Mitterand's model pupil, even though Fabius--unlike the humanist Mitterand--is a technocrat and joined the Socialist Party as late as 1971. He is a product of those French elite schools whose best graduates hold the top government posts. After the European parliamentary elections (which turned out to be disastrous for the ruling Left), Fabius--instead of the solid Socialist Pierre Mauroy--was appointed prime minister and the course correction was obvious: the leftist government, having pursued a strict austerity program for the last 2 years, moved even farther to the right, dropped the controversial school law and forced the Communist ministers out of the government. The 38-year-old Fabius is the youngest French government leader since 1819.

[Question] Mr Prime Minister, France now has its second government leader since the Left came into power. Three years ago, this Left had set out "to break with Capitalism." Today you, Laurent Fabius, appear to be bent on breaking with Socialism. What is Prime Minister Fabius' comment on this criticism?

[Answer] It is unfounded. Even if the political means have changed, our basic policy has remained consistent.

[Question] What policy is this?

[Answer] The objective is in a changing world and in an open society to improve economic efficiency and at the same time to extend social justice. Here we must exercise common sense: in the first few years, we adopted several drastic structural reforms. We cannot repeat this every year. We must be faithful to our convictions and implement these reforms.

[Question] Isn't this a second-rate socialism, a socialism of administrators?

[Answer] It is a socialism of what is feasible.

[Question] For the last 2 years, the French Socialists have been preaching austerity and now you even want to "modernize" France. Inevitably, you will have to shut down entire sectors of industry, thus getting even more unemployed.

[Answer] In regard to unemployment, not to modernize industry would be the worst thing. This economic modernization is absolutely necessary, because industry, agriculture and services are not competitive. And since they are not competitive, the enterprises are losing their markets, and the people, their jobs. Modernization or decline--this is the alternative confronting not only France, but every European country.

[Question] Does this mean that you are prepared--in order to guarantee employment in the long term--to accept a rise in unemployment in the short term?

[Answer] Our modernization comprises both the industrial and the social sector and it makes allowance for the living conditions of the people. A great effort in the field of education is part of this. This modernization may both eliminate and create jobs--not necessarily in the same branch. On the whole, however, the final outcome will be positive.

[Question] Are you so sure?

[Answer] Yes, even though we are presently faced not with an ordinary crisis--as is generally claimed--but with structural change of the industrial system. This is why we need not only economic, but also social modernization.

[Question] Exactly what is that?

[Answer] In comparison with the neighboring states, there is insufficient dialogue among the social strata in France. Social modernization is necessary, because without productive social dialogue lasting economic progress is impossible. And then we have to push a third type of modernization--modernization of the state.

[Question] In view of France's long-standing statist tradition, this may be the most difficult one.

[Answer] Yes, centralism is very old. Since 1981, however, we have been making headway in our decentralization effort. The municipalities, the departments, the regions and the associations have now been given greater responsibility. This--more than anything else--is the modernization of the state.

[Question] Does it always amount to curbing the influence of the state on the society?

[Answer] The state must not intervene everywhere, if it wants to fulfill its function. There are two extremes: people who believe that the state should step in whenever they run into difficulties....

[Question] ...quite common among Socialists....

[Answer] No caricature, please! And then there is the other extreme: people who believe that it is absolutely evil if the state so much as shows itself.

[Question] And between these two extremes, where is the Socialist Fabius to be found?

[Answer] I say that the state must perform its function. But to perform it well—I want to repeat this—it must not concern itself with everything. Traditionally, in France it is the state that provides the initiative in business, industry and defense—and wherever the objective is to correct inequalities. This is quite right, but it must not meddle everywhere.

[Question] Apparently it is part of your economic plan to promise the French people tangible tax cuts. This somewhat resembles the program of the American government....

[Answer] In 1985, the French in effect will pay less tax. But we will strictly contain our budgetary deficit and ensure equitable taxation. This does not seem to be the case in other countries.

[Question] But in France, too, a sizable deficit seems inevitable.

[Answer] Not at all. Our objective is to limit the deficit to approximately 3 percent of the GNP.

[Question] Many of the demands you raised in 1981—e.g. the 35-hour week—are no longer mentioned by you. Could one possibly say that the time of socialist dreaming is over?

[Answer] Regarding the working hours, our position is quite clear: seen in the light of history, there is a trend toward reduction of working hours. Formerly, people worked longer hours, and in addition, there was child labor. Gradually, in the course of historical development, working hours were reduced. It would be foolish, however, to effect unilateral, uniform and massive reduction of working hours in a single country. We advocate negotiation.

[Question] Exactly what do you have in mind?

[Answer] This should be discussed in each enterprise. What is feasible in one branch need not necessarily be feasible in another branch. So one has to proceed slowly, through concerted action.

[Question] Three or four years ago, no French Socialist would have dared talk like this. Today the socialist rank and file accept it. How do you explain this?

[Answer] In my inaugural speech in the parliament, I said exactly the same things I stated at the last congress of the Socialist Party. I tried to be true to my convictions and at the same time to accommodate myself to the real world.

[Question] Mr Prime Minister, your appointment as Mitterand's second government leader was bound up with the withdrawal of the Communists from the government....

[Answer] Not at all.

[Question] Let us say: Your appointment was followed by the withdrawal of the Communists from the government and by the termination of the French experiment of a coalition of Socialists and Communists. In your view, what was the real motive underlying the Communists' withdrawal?

[Answer] Why don't you ask the Communists?

[Question] We always had the impression that the Communists strongly curbed the leftist government's elan in one field in particular: its European policy. Now that the Communists left the government, can one reasonably expect courageous French initiatives in regard to Europe?

[Answer] Oh, you are very unfair. No one disputes the fact that since 1981 the French Government has resolutely been championing the building of Europe.

[Question] Each of the European partners claims to have done the same thing.

[Answer] But you should recognize that in the 6 months of French EC presidency the effort put forth by all members caused many deadlocked projects to be reactivated and the European cause to be advanced in many areas. The Fontainebleau Summit prevented the EC's disintegration. President Mitterand has always been an ardent European. You need only recall the speech he delivered in the German Bundestag [Lower House] in January 1983!

[Question] But it wasn't exclusively Mitterand's commitment which got the community out of the impasse. What other things are you alluding to?

[Answer] I am thinking of the advances made in research work, the adoption of the "Esprit" Program concerning information technology, or the difficult problem concerning expansion of the community. Furthermore, there is the cooperation--already agreed upon--with our German friends--cooperation in the building of helicopters, for example. If Europe makes genuine progress, each one of our countries is bound to benefit politically, economically, technologically and culturally.

[Question] In truth, isn't there a sad parallel between the domestic policy of the European states and the unification of Europe? Everywhere, one finds a deep conflict between dreams and facts: while in the realm of domestic policy the prevailing creed is pragmatism, in foreign policy, it is nationalism. In view of this situation, is there any prospect of even minimal progress?

[Answer] I am a European at heart. I wish we made faster progress and that in certain matters, e.g. crucial international monetary problems, Europe spoke in one voice; and I wish there were more technology and research on a European scale. I am just as annoyed as you about delays and obstacles. In short: I wish the so-called spirit of Fontainebleau were more effective. Established patterns are resistant to quick change, however.

[Question] Isn't it overly modest, if one says: Fortunately, the community did not collapse?

[Answer] You know the statement by Jean-Jaures: "To be courageous is to move toward the ideal and yet understand reality."

[Question] Taking stock, one really cannot consider this patchwork to be progress. The worst was averted, all right—but what about everything else? In the agrarian market, for example, the situation has now become so absurd that in just a few weeks it cannot be financed any more. Is there anything at all one can do about it?

[Answer] In the agricultural sector, there are indeed serious imbalances. One cannot constantly produce without selling. Unfortunately, the reform of agrarian policy did not come soon enough. Three years ago, we started looking for a solution. Much remains to be done, even though considerable progress has been made. As was shown in Fontainebleau, we—and I think you, too—have to take into consideration the incomes of the farmers.

[Question] Actually, we had the impression that the Fontainebleau Summit got things moving. But again there is discord: England refused to join in the consolidation of the community's budget, whereupon the European Parliament blocked the controversial repayment to England. Where do you see a way out?

[Answer] We have to abide by the resolutions adopted at Fontainebleau. Discussions are presently in progress. I wish the Council of Ministers found a solution soon, and we can only hope that the European Parliament will be concerned with helping the governments overcome the present difficulties.

[Question] During the serious EC crisis in the spring, many Europeans on the continent said the English with all their extravagancies should leave the community. Would you consider this to be a solution?

[Answer] It is not desirable. But he who joins a club has to accept the club's regulations.

[Question] Great Britain could leave the club on its own initiative, just as France in 1966 left NATO's military framework.

[Answer] This comparison makes no sense. At any rate, each member country must realize that it is in its own interest if Europe functions and makes progress.

[Question] Europe will function less and less, because it made the crucial mistake of admitting to a group of highly industrialized countries other countries—Greece, Spain, Portugal—that are not nearly as industrialized.

[Answer] No, first there is a geographic reality—these countries are in Europe—and a political reality, if one wants firmly to establish democracy in these countries. But one mistake must be avoided, namely to say: Let us seek refuge in attack—the problems will surely be solved later!

[Question] Don't you think it is necessary now to renegotiate from scratch the community's rules and regulations? After all, at the Fontainebleau Summit a commission was established to that end....

[Answer] In Fontainebleau, two commissions were set up: the first one will deal with the potential development and functioning of the European institutions, and the second one, with the citizens' Europe and the ways and means of bringing out the European reality in everyday life.

[Question] Isn't this another proof of the fact that Europe exists only in the heads of politicians and Brussels Eurokrats?

[Answer] Keep in mind that for a long time Europe was nothing but a Europe of problems: a Europe of coal and steel, a Europe of metallurgical plants. Today Europe must orient itself toward the elements with a great future: research and high technology.

[Question] One gains the impression, however, that the advances made in high technology are no greater than those in the classical fields.

[Answer] You forget the Airbus and you forget "Ariane," "Cern," "Jet" and other projects—both planned and implemented.

[Question] In view of the endless disputes even in these fields, are you not a little euphoric?

[Answer] Yes, there are obstacles, and yet, the building of Europe is the key to our future.

[Question] A few months ago, you stated it was easier for a French researcher to work in an American laboratory than in a laboratory in Munich. Can you explain that?

[Answer] Unfortunately, this is true. After all, there is the force of habit, of organization and sometimes of fashion as well. The countries of Europe must react to this....

[Question] Always the same tune: Europe must do this, Europe must do that....

[Answer] Let us stick to facts. This week a European conference will be held in Paris; it is the first conference of this type and all research ministers of the 21 countries represented in the Council of Europe will be attending. I myself will open the conference, which will be dealing with the following subjects: how can we extend the scientific contacts in those areas in Europe where the need is most urgent? How can we intensify the exchange of ideas among the researchers?

[Question] Isn't all this rather irrelevant in the presence of the community's big problems--problems on which the Europeans cannot reach agreement, not even the French and the Germans? Oddly enough, there is talk again of farther-reaching Franco-German cooperation. How far could such cooperation go without the Europe of the Ten disintegrating?

[Answer] The cooperation between France and Germany is the cornerstone of the building of Europe. I came to see this myself during my term of office as minister of industry and research. The Germans are close friends; many of the advances made in the recent past were the result of this cooperation.

[Question] But it appears as though for want of anything better Bonn and Paris have been going for mere frills: crossing the borders has become easier. Is this really all one can do to advance the Europe of the man in the street?

[Answer] Irony is cheap. Europe must be an everyday Europe as well. The elimination of border controls, the exchange of scientists, the partnerships among cities, the joint television broadcasts, the development of German language instruction for French people and of French language instruction for Germans--all this enables everyone, Frenchmen as well as Germans, to become aware of the fact that they are not only neighbors and friends, but that they jointly form the foundation for the development of Europe.

[Question] Very good, but for the Germans the crucial problem is not mastery of the French language, but their own security. Do you see any possibility--however vague it may be--of the German neighbor partaking in the protection offered by France's nuclear weapons?

[Answer] In this regard, the French position has not changed. In our strategic planning, we are independent. The nuclear weapons we have are the cornerstone of our country's defense. They are the means of deterrence and thus the guarantee of peace. We greatly value our freedom of decision making. And yet, on account of our strategy, any aggressor moving against our neighbors will know he is taking a risk. Thus the aggressor faces a gray zone, an uncertainty as to what decision France is going to make--and this decision will be made by the head of state.

[Question] And in the middle of this gray zone, there is the Federal Republic....

[Answer] First of all, I would like to remind you of the fact that an entire French army corps is stationed in the Federal Republic. Nuclear protection

is offered even by the natural environment. Deterrence--as defined by us--guarantees the integrity of French territory and it ensures protection of its vital interests. Through the uncertainty thus created, our deterrence contributes to the security of our allies. Without jeopardizing our fundamental options or the Atlantic Alliance, we want to strengthen European cooperation in the realm of security and above all, intensify Franco-German cooperation. Our solidarity and our freedom of decision making are the two linchpins of our defense policy.

[Question] Let us assume France would not be able to offer nuclear protection to Germany and let us also assume the distrust regarding American protection would keep growing--don't you fear the Germans may move toward a certain neutralism? After all, that is what many Frenchmen fear....

[Answer] We are watching very closely what is going on in Germany. But we do not want to assume any responsibility, nor do we want to engage in discussions that do not directly concern us.

[Question] After 30 years, the basic problem concerning unification of Europe and Franco-German cooperation is still the same: the states are not prepared to give up essential elements of their sovereignty for the sake of a common policy. Is there any reasonable hope that the politicians will change their mentality someday?

[Answer] It is the fashion--and this fashion keeps returning--to knock politics. Naturally, everything is not perfect in this field. Politics also has a noble aspect, however. It consists in the breaking of certain obstacles resulting from national egoisms or various technical snags.

[Question] Mr Prime Minister, you come from a wealthy family. You attended two French elite schools--the Ecole Normale Supérieure and the Ena--and you have had a brilliant career. Does this not provoke a certain nonacceptance in a socialist party?

[Answer] You mention my degrees--nobody is perfect. At the same time, however--and you probably know this--I was for a long time the spokesman of the Socialist Party, a member of its executive board, president of a regional council, mayor, elected and reelected deputy. This is an aspect that is never mentioned. It proves that the difficulties you mention do not exist.

[Question] Today France is experiencing a "Fabius effect." Fifty-three percent of all Frenchmen have confidence in you, while 56 percent distrust the president. Doesn't this dilemma complicate your work?

[Answer] Polls reflect merely a point in time. The favorable impression I--to my great pleasure--have made on the French is partly attributable to the fact that this prime minister is new. Consequently, the impression may change. However--and please excuse this truism--it is better to start out with a positive evaluation exceeding 50 percent than the other way around.

[Question] Some Frenchmen appear to be fascinated by your clear and simple diction. On the other hand, you said you always experience a certain thrill on hearing the Marseillaise. Isn't this a contradiction?

[Answer] Your saying this surprises me: Exactly where is the contradiction when one tries to express oneself clearly and to be patriotic?

[Question] Well, people think: A pragmatic man, above all emotions....

[Answer] You know, one may experience feelings and deep emotions, but if one heads the government of a country, a certain reserve seems in order.

[Question] In one respect, you are taking up your office as prime minister under a bad omen: You know the poll according to which 82 percent of the French population think their politicians lie to the people. How do you explain this?

[Answer] This poll should give us pause. But I think this was the first poll of this type. Consequently, we do not know whether 10 years ago the percentage would have been the same. Under these circumstances, I am somewhat skeptical.

[Question] Do you think the crisis contributed to this devastating appraisal?

[Answer] Certainly. In difficult situations, public opinion tends to run down all politicians, regardless of their political affiliation. This does not exempt the politicians from the obligation to reflect on these figures. Above all, the public wants plain truth and this is a legitimate wish.

[Question] Mr Prime Minister, we thank you for this interview.

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COMMENTATOR VIEWS EFFECT OF 1985 BUDGET ON UNEMPLOYMENT

Rotterdam NRC HANDELSBLAD in Dutch 18 Sep 84 p 7

[Article by Kees Calje: "Budget Memorandum Takes First Step Toward More Labor Intensive Growth"]

[Text] The Netherlands is yearning for more positive reports. For years, the news has been dominated by bankruptcies and dismissals, by nearly exploding unemployment figures, by nearly overflowing government deficits. Those times are fortunately gone now. The government deficit is going down, profits are rising, and even employment levels are once again attractive. What next?

The 1985 budget memorandum [MN] published today indicates a clear course. Public expenditures, especially income transfers, must be reduced, wages must be moderated and profits must continue to rise. This will result in more investments, and they create new jobs.

Honest

Still, the budget memorandum is honest about the job creating capacity of the new growth in production. On page 30, it is written that the new investments will create relatively few jobs. "This tempers the optimism with which to look at the employment prospects coming from the expectation of structural economic recovery."

Indeed: the working population increases yearly by at least 50,000 individuals, whereas there are already 830,000 people unemployed. Hence, a drop in unemployment to 200,000 a decade from now would mean an average of 100,000 new jobs a year (assuming that the growth of the labor supply will gradually decline).

It should be kept in mind in this respect that for the time being extra jobs in the public sector are a card not likely to be dealt. Hence, the new jobs must be created largely in the market sector. But the Netherlands has never yet experienced such a growth, not even in the fifties and sixties.

The statement in the budget memorandum (page 51) that "the prospects for the possibility of a rapid drop in unemployment are still uncertain" is definitely the understatement of the year. The question arises once again: what next?

Reduction of Working Hours

Neither Minister of Finance Ruding in his preface to the budget memorandum, nor Minister of Economic Affairs Van Aardenne in his introduction to the macroeconomic research done by the Central Planning Office [CPB], say a word about the possibilities of a reduction in working hours. Apparently this is an issue only for Minister of Social Affairs De Koning who was still speaking last year of a 36 hour or even a 32 hour work week.

Now, a gradual reduction in working hours -- 2 to 3 percent a year -- naturally offers little prospect for the redistribution of labor. With flexible working hours such a strategy does offer advantages for enterprises, thanks to the wage reduction coupled to it, but there will be barely any question of new job openings. The enterprises will adjust and rationalize. Labor productivity will go up, that is true, but was that the intention?

Over the last 10 years, the labor productivity of enterprises in the Netherlands rose yearly by 2.25 percent. Hence even with a growth in production of 2.25 percent, employment will not go up. In the United States, on the other hand, labor productivity rose by only 0.75 percent. But there the number of jobs increased by 5.5 million between the end of 1982 and July 1984, and unemployment declined from 10.5 to 7 percent!

In "Om een werkbare toekomst" [For a Workable Future], a report by three members of the PvdA [Labor Party], the chosen solution is a drastic reduction in working hours to 5 hours a day, with shift work. The reasoning is that then entrepreneurs will be forced to hire people. The declining purchasing power would be maintained with a reduction in contributions and taxation, which would be possible because of the disappearance of unemployment.

However, this plan ignores the danger of a strong expansion of moonlighting, or more generally speaking the black sector, at the expense of "legal" labor. Indeed, what are all those paid workers who work in the morning going to do in the afternoon? Right.

More Labor Intensive

Even though a certain redistribution of labor through an increased number of parttime jobs should be possible in the Netherlands, the American way probably offers better prospects. Hence: strive for a more labor intensive production package. It should be noted though that what is involved here is not a turning back of the clock. Technological progress helps increase prosperity and should be stimulated. However, one should prevent labor intensive activities from being priced out of the market because of high social contributions.

In the United States, most jobs are being created in the labor intensive service sector. While, on the one hand, high tech companies were sprouting like mushrooms, on the other hand jobs were being created on a large scale by McDonald's and others.

Social Payments

To be honest it should be said that for Van Kemenade and his supporters, making economic growth more labor intensive also takes on an important place, even though the publicity about it was minimal. Their report suggests, among other things, that the social payments be shifted to general resources, to which precisely capital intensive companies contribute proportionately more.

At this time, 22 percent of social security is already financed by the government, and in terms of unemployment benefits this percentage even amounts to 80 percent. In Denmark, all social benefits are paid out of general resources. As a matter of fact, the economic development of that country could serve as an example for the Netherlands (see below).

In addition, one could think about a different BTW [Value-added Tax] structure which would spare labor intensive activities, such as repair and maintenance.

Wage Differentiation

Last but not least, the principle applies that labor intensive sectors are aided by greater wage differentiation. To base the whole wage structure on capital intensive production processes is, of course, asking for problems. It leads to the absurd situation where jobs are destroyed or are not created and unemployed individuals must make income sacrifices of 20 to 30 percent, while a small wage offer in the trade sector, the HORECA [Hotels, Restaurants and Cafes] sector and the maintenance sector would get them going.

Besides, such wage differentiation is also urgently needed for other reasons: higher wages in profitable companies can better ensure that the level of domestic spending is maintained than would be the case with a uniform wage moderation.

The argument is not new that the relative expensiveness of labor compared to capital stands in the way of the creation of more jobs. President Duisenberg of the Bank of the Netherlands has been arguing this for quite some time. If only for that reason, this reasoning is not unfamiliar to Minister of Finance Ruting: those gentlemen talk to each other on a weekly basis. Stronger: the rather strong rate reduction which the Lubbers administration wants to implement in 1985 shows that they do not want only words but also deeds.

Some people are already talking of a Keynesian policy in this respect. However, the budget memorandum talks about a "budgetary policy currently directed toward strengthening the supply side of the economy" (page 55). True, those two can very well go together, as first President Kennedy and later President Reagan, each of them in their very own way, have shown.

According to the forecasts, the collective tax burden (taxes plus contributions plus taxation not of a collective nature excluding natural gas profits, expressed as a percentage of the national income) will drop sharply: from 54.4 percent in 1984 to 52.6 percent in 1985. In this regard it should be recalled that in 1983 the tax burden increased from 53.7 to 55.9 percent, a year to year change which never occurred in the seventies.

It becomes clear then that the Lubbers administration let the process stop itself. First, Dutchmen were shown the high level of public spending, particularly the social benefit payments. The workers especially, who had to swallow the rate increases, were duped. Next, retrenchments became politically possible. Today's reduction of pressure is the result of those retrenchments.

Social Funds

But that is not the whole story. The rate reductions proposed now exceed the savings in benefit payments. In 1983, thanks to the sharp rate increases, a surplus of 1 percent of the national income had been created in the social funds. In 1985 there will be a deficit estimated at 0.2 percent. This is indeed somewhat Keynesian, if you will.

Which does not alter the fact that the Lubbers administration is steadily continuing to reduce the government deficit. The steadiness is even greater than the government itself cares to show.

As a matter of fact, it has estimated that the total government deficit (national expenditures, expenditures outside the budget, and lower level administration), which in 1983 amounted to 10.7 percent of the national income, will amount to 10.5 percent in 1984 and 9.7 percent in 1985. This drop is insufficient to make the government agreement -- a 7.5 percent deficit by 1986 -- a reality.

The Central Planning Office, on the other hand, has estimated the government deficit in 1984 at 9.1 percent and in 1985 at 8.4 percent. Hence, a substantial reduction. The CPB expects both the national deficit and that of the lower administrations to turn out lower than the budget memorandum deems possible (see Table 1).

Table 1: Deficit in Public Sector as Percentage of National Income

	1982	1983	1984		1985		
			MN'84	MN'85	CPB	MN'85	CPB
National	-8.1	-9.1	-10.5	-8.9	-8.0	-8.2	-7.4
Unbudgeted	-1.3	-1.1	-0.4	-0.4	-0.4	-0.3	-0.3
Lower Administration	-0.6	-0.5	-1.2	-1.2	-0.7	-1.2	-0.7
Total Administration	-10.0	-10.7	-12.1	-10.5	-9.1	-9.7	-8.4
Social Funds	-0.7	+1.0	+0.1	+0.5	+0.5	-0.2	-0.2
Public Sector	-10.7	-9.7	-12.0	-10.0	-8.6	-9.9	-8.6

Deficit

Moreover, the budget memorandum notes (page 74) that in July 1984 the 12 month figure for the national deficit was 8.4 percent of the national income, which is precisely in between the government estimate for the year 1984 and that of

the Planning Office. In terms of lower administration the government expects the deficit, which had been reduced to 0.5 percent in 1983, to run back up to 1.2 percent in 1984 and 1985 (Planning Office: 0.7 percent), as a result of higher capital expenditures. However, until and including March 1984 there was no sign of such an increase (page 156).

For the sake of order: translated into guilders the difference between the government deficit estimates of the Planning Office and those of the government for 1985 amounts to nearly 5 billion guilders.

In this regard it should be kept in mind that the current year has already been characterized by substantial windfalls. National expenditures will probably end up at the level planned in September 1983 (163 billion guilders), but incomes show a windfall of nearly 5 billion guilders. Consequently, the national deficit is not 35.9 billion guilders but 31.2 billion. The financing needs (including repayments) for 1984 amount to 37 billion guilders, but this is hardly a problem: 35 billion guilders have already come in.

9.3 Billion Guilders

In 1985 the government will save 9.3 billion guilders: 3.1 billion in the national budget in the narrow sense, 2.5 billion in social security, 2.5 billion in labor conditions in the public sector, and 1.2 billion in the public health sector. The latter "saving" is in fact a shift, because part of publicly financed health care is being transferred to the private sector.

In principle these savings are balanced by payment reductions of 1.7 billion guilders for enterprises, of which 1.35 billion guilders is in the form of reduced employers contributions. However, if the enterprises compensate for the drop in contributions with extra-legal bonuses, then they are financially punished, as a result of which the real reduction in payments will remain limited to 1.15 billion guilders.

In addition, for double income households the wage tax is being reduced by 0.5 billion guilders, while 0.7 billion guilders will become available to fight unemployment among youth. Eight thousand young people must be given temporary jobs in education, and with the help of the government more apprentice jobs must be created in business and industry.

Public Expenditures

Translated into percentage of the national income, public expenditures are dropping sharply according to the budget memorandum: from 70.3 percent in 1983 to 67.9 percent in 1985.

The decline in public income has come up earlier. A remarkable aspect of the drop in taxation is the fact that it came to be not so much through rate reduction as through "endogenous" changes. Expenditures and income are changing so much that the state catches less money. This has to do with the shift from wages to profits (where loss compensations apply), with a rise in social contributions (in 1983) as a result of which less wage tax is received, and

because of the relative growth of exports, which produce fewer taxes than does domestic spending.

During the 1971-1975 period, if the gross national product grew by 1 percent the tax income still rose by 1.36 percent; during the 1981-1984 period this effect was reduced to no more than 0.7 percent.

The main plus point of the budgetary policy, which is and will be conducted in 1983, 1984 and 1985, is the fact that government spending has once again become manageable. In this respect it should be remembered, in all honesty, that nothing helps a minister of finance more than a recovery of international economic growth. In this sense, Minister Ruting did certainly not have any head wind.

However, the most significant positive news concerns profits. They have been on the road to recovery for a few years now, a growth which accelerated this year. In this context, the wage moderation, first imposed (1980 and 1981) by Minister of Social Affairs Albeda and later (as of 1983) in the framework of the reduction in working hours attached to wage cuts, is decisive. The costs were held down and exports went up.

The proportion of earned income, which in 1983 was located at the unprecedented high level of 90.5 percent of the national income (after adjustment for natural gas profits and the like), will go down this year to 88 percent and next year to 85 percent. A few years ago such a rapid decline would have been considered impossible.

Remaining Income

A few figures are illustrative in this regard. Since 1980, the "remaining income," that is to say the national income minus the gross wage income of enterprises (including employers' contributions) and government, has been experiencing a relatively sharp increase (see Table 2). According to the Planning Office, between 1980 and 1985 national income will increase by 51.3 billion guilders. Three-quarters of this increase -- 38.3 billion guilders -- will go to the "remaining income," which in 1980 amounted to 28 percent of the national income.

Until and including 1983 the rise in the "remaining income" was skimmed off by interest payments, payments to the government, etcetera. However, afterwards the policy was changed. The Planning Office estimates that the retained corporate profits (excluding banks), which still fluctuated around zero during the 1980-1983 period, will amount to 8 billion guilders in 1984 and will go up to 11 or 12 billion guilders in 1985.

Those are amounts which have not occurred for a long time and which show that the recovery of profits is not limited to stock exchange companies. Hence, in spite of the rate decline from 48 to 43 percent and excluding taxes on natural gas profits, the government expects that in 1985 corporate taxes will increase by 20 percent, from 5 to 6.15 billion guilders.

Table 2: Distribution of National Income (against factor cost) between 1980 and 1985, in billions of guilders

	1980	1981	1982	1983	1984	1985	1980/1985 Growth %
Wage Income Enterprises	152.0	154.9	159.1	160.0	162.0	162.9	7.2 %
Remaining Income Enterprises	76.2	84.6	90.5	95.3	107.5	114.5	50.3 %
Government	44.1	45.1	46.8	47.0	45.8	45.3	
National Income	271.3	283.4	295.0	302.6	315.0	322.6	18.9 %

Note: The sum of business income and government income is different from the national income because of income from/to abroad.

Table 3: Economic Situation in the Netherlands and in Denmark

	Denmark			Netherlands		
	1983	1984	1985	1983	1984	1985
Debt deficit of government (% of GNP)	-7.8	-6.5	-5.0	-6.6	-6.0	-6.0
Growth GNP	2.5	3.0	3.0	1.0	1.5	2.0
Growth private consumption	2.2	1.5	2.0	0.5	-0.5	0.5
Growth investments	2.3	6.0	7.5	1.4	2.5	3.0
Unemployment as % of total working population	10.6	10.5	10.0	14.2	15.5	15.5
Deficit current account in billions of dollars	-1.2	-1.5	-1.0	+5.0	3.4	+5.0

Source: 1983: OECD, July 1984; 1984 and 1985: Planning Office, September 1984.

Investments

And yet, the increase of investments in business and industry remains limited: the CPB expects a 5 percent growth in volume as against 4 percent in 1985. Investments in industry and other export oriented sectors (parts of commerce and transportation) are attractive, but elsewhere "a recovery (...) does not seem likely." The reason is simple: because of government retrenchments and wage moderation, domestic spending in 1985 just as in 1984 will go up only 1 percent.

It is noteworthy that Denmark, which last year was not only struggling with an even greater government deficit than the Netherlands but was and is also faced with a deficit in the current account of the balance of payments, is doing substantially better at present than the Netherlands (see Table 3). A striking difference is the development of private consumption: there an increase, here stagnation.

I know too little about the Danish economy to be able to draw any lessons from this, but I did not want to keep this comparison from the reader. All the more so as the large and sharply rising Dutch payments deficit indicates that the roles should really be reversed. We have the resources but do not spend them. Not yet?

Dollar

Moreover, the Planning Office predictions make quite a story. The uncertainties are, as usual, great. I will limit myself to two points. The CPB predicts an average dollar value for this year of 3.10 guilders, and for next year of 3.00 guilders. At the same time, following the lead of the international institutions, they are assuming that the growth of the American economy will decline in 1984 (the Planning Office figures to 3 percent, the IMF is higher with 4 percent).

A more expensive dollar and stronger growth in the United States are good for exports and for the government (natural gas profits!), but lead to an increase of the otherwise very low inflation. The result is that the average worker, whose purchasing power has improved by 2.5 percent now thanks to the tax reductions, will have to turn in some of that progress. The politically more problematic aspect is that the minimum wage earners and the civil servants, who are currently still at the zero line, would be losing ground.

About the predicted leveling of unemployment at 830,000 we can be brief. This is partly due to the fact that employment in enterprises is no longer caving in (for 1985 they are even expecting a slight increase), but is also connected with different registration changes and the like. Without the latter changes there would be an average of 880,000 unemployed individuals in 1985, as the government admits (memorandum on the budget, page 45).

Well Done

In summary, it must be concluded that the government has done well in reducing the public tax burden as much as possible. The lower employers' contributions are contributing to making labor less expensive with regard to capital, but more is needed (see above).

In addition, it is becoming increasingly clear that consumption needs to be stimulated.

This could be done through a less uniform, more differentiated wage development, a possibility which was pointed to, for example, by Director Van der Zwan of the National Investment Bank (NRC HANDELSBLAD, 12 September). Another possibility, especially if income cuts through a reduction in working hours are carried out, is a reduction of the tax burden for consumers. The decline in the government deficit (see the Planning Office figures) and the substantial availability of financing resources offer opportunities to that effect.

It is an elementary mistake to think that consumption drives away investments. The economy is a closed circle: the spending of some people forms the income of others. Nothing promotes investments better than good sales prospects.

Quaternary Feelings about Life

Finally, a general observation. A great deal has changed in the Netherlands in recent years. The "Quaternary feelings about life" which recognize primarily rights and barely any duties are disappearing ("Unemployment and the Crisis in Our Society," CDA [Christian Democratic Appeal] report, 1984). This cultural change may well be as important as all the economic figures.

8463

CSO: 3614/1

STATISTICAL SURVEY OF DRAFT NATIONAL BUDGET

Madrid DIARIO 16 in Spanish 1 Oct 84 p 13

[Article by Mariano Guindal]

[Text] It took the special session of the Council of Ministers 6 hours yesterday, Sunday, to approve the General State Budgets. The draft will be sent to Parliament at the end of this week. The Socialist cabinet also resolved to shut down 828 kilometers of RENFE [Spanish National Railroads] lines that were losing money; this will save the Treasury 7.101 billion pesetas.

Madrid--Labor Minister Joaquin Almunia stated that although the budgets would be submitted to Parliament beyond the deadline stipulated by the constitution, "the fact that we have seen to it that the budgets will facilitate the signing of the economic and social accord and provide financing for the autonomous communities more than makes up for this technical lag, inasmuch as the overwhelming majority of citizens want the accord. Moreover, the delay does not hamper debate in Parliament nor does it prevent the budgets from taking effect on 1 January 1985. Therefore, we feel that the draft we have put together is good for the country."

The outlines of the General State Budgets, as reported by government spokesman Eduardo Sotillos, are as follows: expenditures, 6.165 trillion pesetas; revenues, 4.725 trillion, with a resulting deficit of 1.44 trillion, interest on which totals 767 billion pesetas. The budget deficit comes to about five percent of the GDP. The Socialist government has thus achieved one of the main goals that it set for itself when it took office. In 1981, the budget deficit was held to 6.5 percent of the GDP, the same as in 1982; it dropped to 5.5 percent in 1983, and if it drops another half-point next year, the trend can be maintained until 1986.

Tax Burden

The tax burden becomes 0.8 percent heavier in 1985, compared to 1.3 percent in 1984. This means that it will rise from 14.7 percent at present to 15.5 percent of the GDP in 1985. Most importantly, however, is that the added revenues are going to come from better management and a heightened struggle against tax fraud, especially in connection with the business tax, where major pockets of fraud have been detected.

The available tax base will thus not be altered, though rates will be, as the burden will be eased on the lowest-income brackets. Concurrent with the budgets, a law will also be passed ending the discriminatory treatment of married couples who work, most of whom are now penalized in filling out their joint tax returns.

The wage increase for government workers will be 6.75 percent, but 0.25 percent of this will go into the Solidarity Fund, which will be managed by the administration, the unions and the CEOE [Spanish Confederation of Business Organizations] to promote job-creating investment. The fund will consist of 80 billion pesetas.

Perhaps the most significant element in the budget for public officials is the new remuneration system, under which almost 30,000 high-level officials, experts and intermediate-level executives will see their salaries rise by 12.5 percent as an incentive and to bring them even with the pay in city governments, autonomous communities and government-run companies. This complementary raise represents 0.8 percent of the wage bill for the 750,000 workers in the central government.

Pensions will rise an average of 7 percent, and the highest government or social security pension will be 180,000 pesetas.

Real public sector investment is up 100 billion pesetas from the 1984 budgets, a rise of 9 percent. To this we should add the 80 billion in the Solidarity Fund and the 30 billion earmarked for the INEM to promote contracts with local government (city halls and the autonomous communities).

The government transfers that TVE [Spanish Television] had been receiving have been abolished. The investment funds of the Office of the Controller of the Currency have been cut by 84 percent, and the Council of State will receive nothing.

Social Security

The General Social Security Budgets do not take into account the new benefits law that will go into effect in 1985 and that calls for a major cut in new pensions. Total social security expenditures are around 3.5 trillion pesetas, and thus total government spending comes to about 10 trillion.

The government's contributions to the general social security system will be around 750 billion pesetas.

More than 500 billion pesetas has been earmarked for unemployment benefits next year through INEM, in a bid to achieve a 35 to 40 percent benefits coverage for jobless workers. The unemployment insurance contributions have been kept at 6.3 percent, 5.2 percent from the employer and 1.1 percent from the worker. One percent is the equivalent of 63.574 billion pesos.

8743

CSO: 3548/9

SOLANA INTERVENTION SALVAGES SOCIAL PACT SIGNING

Madrid DIARIO 16 in Spanish 2 Oct 84 p 15

[Article by J.A. Sanchez and M. Guindal]

[Text] Prime Minister Felipe Gonzalez sent the president of the telephone company, Luis Solana, who is also a members of the Board of Directors of the CEOE [Spanish Confederation of Business Organizations], to the the headquarters of the employers confederation last Saturday morning to salvage the economic and social pact. Minister Almunia's ultimatum had brought the talks to the verge of a breakdown.

Madrid--The president of the telephone company, Luis Solana, acted as an intermediary at noon Saturday between the prime minister and the president of the CEOE in a bid to salvage the economic and social accord. Thanks to his decisive intervention, the impasse created by Labor Minister Joaquin Almunia's ultimatum was resolved, and the administration, the UGT [General Union of Workers] and the employers organization were able to sign the pact.

The following is the story behind the secret meeting. After the meeting of the CEOE's Executive Committee last Saturday, the confederation's secretary general, Juan Jimenez Aguilar, made some harsh statements, asserting that the negotiations had made very little progress and that the parties were farther apart than ever. In light of this, Felipe Gonzalez spoke on the phone Friday morning with the president of the CEOE, Jose Maria Cuevas, who was resting in the town of Riaza in Segovia.

The prime minister emphasized to Cuevas the need to abandon extremist positions and told him that the administration was determined to achieve an agreement on issues relating to a cut in the contributions to social security and on adapting our labor laws to those in European countries once Spain joins the EEC.

That same night, the labor minister gave the employers organization an ultimatum to take a stand on the agreement in principle that he himself and the UGT had signed regarding the points in the AES [economic and social accord] that affected the budgets. This led Felipe Gonzalez to send Luis Solana, the president of the telephone company and a member of the CEOE Board of Directors, to the confederation's headquarters, where he met with Juan Jimenez Aguilar. At the meeting Felipe Gonzalez's representative once again emphasized the administration's commitment to resolving the aforementioned key points for business.

At this meeting they also drew up a statement that while not predicting the outcome of the negotiations, asserts that the "serious difficulties" that separated the parties have been overcome. The statement is basically the same as the one released to the media at the close of the meeting that Almunia called at the Labor Ministry at Felipe Gonzalez's request.

The 6-hour meeting was given over to a discussion of the "best possible way out" of the ultimatum that Almunia had issued. The ultimatum became an "appeal," a term that the two parties accept. This solution enables the administration to approve the General State Budgets, as it wanted to.

In addition, the administration, UGT and CEOE held another meeting yesterday at the Labor Ministry, at which they decided that separate technical committees would begin drafting the final version of the economic and social accord.

Nevertheless, they did not, as was expected, discuss the two major stumbling blocks, the reform of the labor market and cutting employer contributions to social security; resolving these points would enable them to conclude the negotiations and sign the social pact.

The separate committee approach is an attempt to speed up work on a final version of the AES for the next 2 years. Once the two organizations have finalized their versions of the pact, they will meet again to hammer out a definitive version.

With regard to amending Article 51.4 of the Workers Statute, the CEOE does not accept the text that the administration and the UGT have agreed on. The text states that the CEOE and the socialist union will set up a bilateral committee to look into changes in our labor laws, and "if appropriate, the administration would take up these accords and submit them to Parliament in the form of a draft decree-law." The CEOE says that the phrase "if appropriate" must be stricken from the text.

The central issue now is whether the UGT agrees to strike the words "if appropriate" from the text. If it does, all of the stumbling blocks to an accord will have been surmounted, but it does not seem likely that the CEOE will get what it wants. Nicolas Redondo said at the closing session of the congress of Socialist Youth last Sunday

that "we do not accept the CEOE's attempts to pressure the administration into making a commitment to amend the group-layoff regulations by a fixed deadline. The prime minister and the administration must not give in to the CEOE's demand."

8743

CSO: 3548/9

TURKISH TRANSITION FROM FOREIGN MARKET TO INVESTMENT SITE

Istanbul DUNYA in Turkish 17 Sep 84 p 1

[Text] Tevfik Gungor writes emphatically. Following changes in regulations that led to a general liberalization of the economy and to an opening up to the outside, he notes, from his "corner of the world," "Foreign interest in Turkey is to sell goods more than to invest."

Although this observation is a little delayed, it resembles the belief held by Prime Minister Turgut Ozal. Upon completion of his visits to Switzerland and West Germany in the past few weeks and upon his return home, he said, "Everyone wants to sell something to Turkey." In an indirect manner, Prime Minister Ozal criticized the lack of intentions to invest.

One leg of the economic policies pursued by Turkey is based on the tight-money policy, which aims to repress domestic demand. Another leg is based on policies directed toward the improvement of the balance of payments for the current moment only. These policies, in particular, imply restrictions on public expenditures and curtailment of investment momentum. In one respect, what is foreseen is directing the economy by squeezing it. Economic development has been completely tied to foreign-capital investments.

It cannot be denied that, at the point reached today, the inability to be a consumer at home and exportation ensure a temporary improvement in the balance of payments. Necessary importation such as for oil is being carried out, and foreign debts are being paid on schedule. In addition, importation of consumer goods, which has settled down to \$50 million per month and to a level close to one-fifteenth of total imports, has begun. However, this is not sufficient to enliven an economy in which foreign investments are limited.

In fact, in this situation, giant investment projects that Turkey postponed for years along with needs existing prior to 1980 have begun to force themselves on the economy's agenda. Announcement of plans and the call for bids created interest in the outside world, because it was seen that Turkey has the ability to pay. A race among foreigners has begun in order to obtain Turkey's orders.

Still, the Ozal government is not seen to be resolved to begin, at the same time, investment projects that have been thrust on the agenda. It is not obtaining results by taking advantage of every opportunity for bids that are

submitted if it is at the cost of ruining credit for long-term loans and is consistently postponing them to a future date. The goal is to avoid taking on the burden of new debts, because they would, likewise, create a problem in the orderly liquidation, begun in August 1984, of debts that were postponed previously and in the balance established by postponing development hopes.

Moreover, the Ozal government is determined to ignore and hurdle October and November, the months in which seasonal trends of the domestic economy create fear and nightmares for every government. The hope is that the interest exhibited in selling goods to Turkey today will be transformed to foreign-capital investments in the near future. The logic of this policy is to be open to foreign capital in every sphere including infrastructural services and extending as far as the area of energy.

11673

CSO: 3554/1

BILL ENVISIONS RETURN OF MINES TO PRIVATE SECTOR

Istanbul TERCUMAN in Turkish 17 Sep 84 p 3

[Text] Ankara--Work has begun to amend the Mining Law, which gave mining operational rights to the public sector and led to obvious production losses. A new bill drafted by the Ministry of Energy and Natural Resources changes 16 articles of the mining law, three of which are provisional articles and one supplementary. If the bill passes as written, mines nationalized by the 1979 law will be restored completely to their former owners.

Ministry of Energy and Natural Resources experts prepared a report on the continuous decline in coal production, coal needs that will emerge as thermal power plants that are built and ones under construction are put into operation, and measures that must be taken. The report pointed out that, while preparing to sell public economic enterprises that suffer losses, the state has not yet returned to original owners the mines that had undergone the process of nationalization, which, in turn, led to a huge fall in coal production.

In the reference report to the bill that was drafted, it was said, "The time has come to evaluate correctly the difference between the public sector, which is the cause of billions of liras leaving the treasury in subventions each year, and the private sector, which, in contrast, earned a profit and paid millions of liras to the treasury in taxes annually."

The report stated these views:

"Despite a more-than-2-year interval, no investments have been noted in the state sector other than excavations conducted through construction contractors in areas transferred to the state. It has only been the prices of coal that have risen rapidly. With the nationalization of fields, the opportunity to compete has been eliminated, and, in fact, the public sector gained the opportunity to thrust aside, legally, the private mining sector, which believed it could not be pushed aside as it sold coal at a loss for many years. An atmosphere causing distress as of old has emerged because of repeated price increases. Nationalization, which was carried out without considering state resources, has become an unpardonable mistake."

The new mining law bill prepared by the Ministry of Energy and Natural Resources will be submitted to the Council of Ministers in the days ahead.

11673

CSO: 3554/1

REGULATION TO PUT SEE'S IN COMPETITION WITH PRIVATE SECTOR

Istanbul TERCUMAN in Turkish-9 Oct 84 p 3

[Article by Resat Yazici]

[Text] Ankara (TERCUMAN) - The regulation has been forwarded for President Kenan Evren's approval on the appointments of general directors, deputy general directors and executive board members to serve in the reorganized SEE's [State Economic Enterprises], which the private sector regards as the "privileged competition."

One official, noting that 100 of the 198 persons to be guiding the SEE's are new, said that it was hard for Minister of State and Deputy Prime Minister Kaya Erdem to come up with new names. "Statutory Edict No 233, the regulation reorganizing the SEE's, requires that general directors, deputy general directors and executive board members not be political figures and have experience in the specific field to which they are appointed," the official said.

Equal Competition

In conjunction with the new staffing regulations, the SEE's will reportedly also have all tax, duty and fee privileges eliminated and will be required from now on to compete on equal terms with the private sector.

The elimination of their favored status, suggest those concerned, will beseege the marketplace with a new wave of price hikes as of the first of the year. "The elimination of privileges will put a whole new lot of expenses on the SEE's. They in turn will pass the costs on to goods and services," they say.

Status of Managers

While, on the one hand, new managers are being appointed to the SEE's, those SEE's such as TAKSAN [Machinery Spare Parts Industry and Trade Corporation] and TUMOSAN [Turkish Motor Industry and Trade Corporation] known as the "SAN" SEE's, will be combined under a new corporate roof called the heavy industry corporation or "ASOK." ASOK's corporate status is ready and it is being suggested that a former minister of industry, Abdulkirim Dogru, will be brought in to head it.

While the appointments of the 198 persons currently serving at the existing SEE's are being renewed according to the reorganization edict, about 100 of them will reportedly be dismissed. These include directors, deputy directors and executive board members. Among the organizations said to be most affected by the administrative changes are the State Industry and Worker Investment Bank, the State Investment Bank, the Soil Products Office, the National Lottery, the Cement Industry, the Sugar Factories, the Ammonia Industry, Iron-Steel and the Petro-Chemical Corporation. Some former politicians on SEE boards of directors are rumored to be among those who will be out of a job.

8349

CS0: 3554/9

BIRAND ON 'STONE WALLING' OF TURKISH RELATIONS WITH EEC

Istanbul MILLIYET in Turkish 9 Oct 84 p 7

[Article by M. Ali Birand in the column "Corner": "No Activity in EEC Relations"]

[Text] The language used in the capitals of great nations, in particular, differs a great deal from the language used behind the closed doors where plans are hatched.

I, like you, read the newspapers after Ozal's trip to Germany, and the impression I got was that "Germany has rolled up its sleeves for progress in Turkish-EEC relations, has made initiatives in other member capitals and even brought the topic up at the policy consultation conference of EEC foreign ministers in the Irish capital of Dublin on 11 September, arguing that 'we must now put our relations with Turkey in order.'"

It was not just Turgut Ozal who had used this language, but German officials as well. In exchange for our compliance in freedom of movement, Bonn was to get the EEC in action.

As it happens, the atmosphere in Brussels is nothing like what was represented to us or what we thought.

First of all, there is no "action" or even a significant "ripple" in Brussels towards revitalizing relations with Turkey. In the words of an EEC Commission official who keeps close tabs on this topic, "Yes, there is a feeling. But it is too faint to even tell what it is."

Germany's approach of raising a cloud of dust emanating from Bonn aside, it is even hard to find anyone who mentions Turkey at the EEC Commission and Council in Brussels.

Alongside all this, another point which has us most confused was our discovery that the country trying to stir up this breeze, however faint, in Turkey's favor is Britain, not Germany. It seems that the leader in this initiative is London and Bonn is the follower.

Whether London or Bonn, anyone who wants any degree of action in favor of Turkey is now confronted by two formidable obstacles in Brussels: Denmark and Greece.

Denmark is firmly opposed to opening the Turkish file as long as political trials are taking place in Turkey and restrictions on certain rights remain in place.

Greece, meanwhile, poses its opposition for other reasons, headed by Cyprus.

France (among the hardliners until recently) has relented and is considered among the "neutral nations." The Netherlands and Ireland are likewise in the neutral group. If the general trend should turn in Turkey's favor, they would cast their votes in favor of reviving relations.

Belgium, Luxembourg and Italy are ready to cast a favorable vote. However, they have no desire to lead any movement.

So, within this framework, it is not that Britain and Germany have been able to launch enough of a movement to alter Denmark's veto or get the others behind them. Either they figure they cannot overcome the opposition in Brussels and do not want to fight any more or they are using this opposition for an excuse to hide behind.

There is a vote tomorrow in the European Parliament that will cast light on Turkey's relations with the EEC. If the vote rejects establishment of a joint parliamentary delegation, Britain and Germany will have a harder go of it and the two capitals will also be much more reluctant intervene.

If the parliament's vote implies a green light, then Bonn and London will be able to speak with a little more confidence and forcefulness at the meeting on 22 October.

Either way, it would still be the better part of realism not to expect any moving and shaking in our relations with the EEC before the first 6 months of next year.

8349

CSO: 3554/9

STATPIPE NATURAL GAS TERMINAL TO BE EUROPE'S LARGEST

Munich SUEDEDEUTSCHE ZEITUNG in German 20 Sep 84 p 32

[Article by our own correspondent: Linde Sees Movement in Plant Engineering Field. TVT Working Group Building Norway's Largest Natural Gas Terminal]

[Text] N. Stavanger--Beginning at the end of 1985, six billion cubic meters of crude oil annually will be converted to 5 billion cubic meters of natural gas, 780,000 metric tons of propane, 280,000 metric tons of butane and 250,000 metric tons of gasoline at the Norwegian natural gas terminal in Kaarsto, 50 km north of Stavanger. The Munich working group TVT (plant and process engineering) of the Linde AG Company in Wiesbaden is currently working on one of their largest engineering contracts--development of the natural gas terminal incorporating an extraction plant at a cost of DM 1.5 billion, according to Dr. Hans Meinhardt, chairman of the board of the Linde Company.

This terminal is part of the "Statpipe" interconnected system for the transport and processing of natural gas from Norway's Statfjord, Gullfaks and Heimdal fields which extend to 200 km off the west coast of Norway. The national Norwegian oil company Statoil is investing DM 8 billion in the entire project. The TVT working group, as Statoil's primary contractor, has carried out the development of the natural gas terminal with extraction plant, and is charged with project management, engineering, purchasing, scheduling, quality control and control of costs, as well as installation management and supervision.

Linde to Receive DM 120 Million

This contract is worth DM 120 million to the Linde Company. Worldwide purchasing of equipment, which cost around DM 800 million, as well as construction and installation costs are charged to Statoil. Within the scope of this project, the Linde TVT working group won contract awards over international competitors worth DM 10 million for supply of the large special seawater coolers and the nitrogen generation plant. A construction and installation crew of 1800 are currently under the direction and supervision of project management and 125 employees of Linde AG. The construction and installation personnel are being supplied by 50 subcontractors, of which 15 are German companies.

Short time Work

As a result of a lack of follow-up contracts in plant engineering, the TVT working group in Munich has taken the precaution of giving notice of short time work for the month of October, according to Chairman Joachim Mueller. "We are optimistic, however," he emphasized. He said that the German plant engineering industry has overcome a two-year draught, and that the downturn has not leveled off. According to Mr. Mueller, the chemical industry is working on plant improvements, and the pollution control outlook is beginning to brighten. The East Bloc, and in particular the USSR and the GDR, is also interested in the high-level technology of West German plant engineers, he said, and added that "Everyone is waiting to see Moscow's new five year plan for 1985-1990 which will be passed in October." Chances are better in direct business than via third countries. Mr. Mueller stated that talks are also under way with China, which wants to modernize its antiquated industry.

New Developments

Linde AG's plant engineering division completed projects worth a combined DM 500 million in 1983, however the figure for the first eight months of 1984 was only DM 300 million. According to Mr. Mueller, projects in 1984 yielded adequate profits. He noted that new steps in development had been initiated, and that engineering work also included processes for safe and economical extraction of acetylene as a material for use in dry-cell batteries, sewage treatment and flue gas desulfurization, as well as the granting of licenses. The Munich TVT working group of Linde AG, with 2 million man-hours worked annually, is one of the largest engineering groups in Europe.

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AUTO EMISSIONS CATALYZER EFFORT STALLS ON SUBSIDY ISSUE

Duesseldorf WIRTSCHAFTSWOCHE in German 14 Sep 84 pp 20-24

[Article: "Clear Picture Gone"]

[Text] Now the Federal government will not risk requiring compulsory compliance with the 90-percent lower American emission standards for all new automobiles from 1986 on. Instead, there will be further discussions about subsidies.

On Saturday of last week Carl-Dieter Sprang, parliamentary undersecretary in the Ministry of the Interior, continued to act in a self-confident manner: "The target date of 1 January 1986 is still in place. On 19 September the issue will be only that of the financial volume of buying incentives." At that time the Cabinet, with Chancellor Helmut Kohl presiding, wants to make a decision as to how low-emission automobiles can be made attractive to FRG citizens.

Yet what looks like a purposeful change in earlier Cabinet decisions is in reality a concealed retreat in the decisive question, similar to the Buschhaus case. For now it is clear that the Federal government will not require compulsory compliance, starting in 1986, with the 90-percent lower American emission standards for all new vehicles as had been decided on 26 October 1983. At that time the Cabinet decided "...that with the introduction of leadfree gasoline in 1986 the pollutants in automobile exhaust would be simultaneously reduced by taking full advantage of the most effective currently available technology. To do this, the standards currently in place in the United States, including the test procedures which are used there, would be adopted."

In June at the multilateral conference on the environment Undersecretary Spranger interpreted this target resolution in a clearcut way: "Therefore, the Federal government has decided to introduce leadfree gasoline effective 1986 and to adopt the emission standards which are in place in the United States."

How primarily the Ministry for Economics in Bonn opposed the original plans is revealed in a memorandum of 20 August in which the "consequences of obligatory introduction of automobiles which are beneficial to the environment on the part of the automobile industry going it alone" are described for example in this way: "...There is the great likelihood of a negative decision by the European Court of Justice. Thus, the automobile industry would be forced into substantial investments which sooner or later could turn out to be bad investments." And the gloomier prediction: "The German automobile industry would be eliminated as a vital factor for economic activity and foreign trade."

In view of such visions of horror by ministry officials in Bonn, apparently copied directly from the criticisms of the automobile industry, it is not surprising that going it alone, which had originally been envisaged, was quickly dropped. Instead, shifting to discussing subsidies to support low-emission automobiles was almost perfectly logical.

On 3 July of this year the Cabinet ordered that automobiles with Otto engines which comply with the American emission standards be relieved of the automobile tax for a certain period of time:

- For 7 years with displacement up to 1,500 ccm,
- For 6 years up to 2,500 ccm,
- For 5 years above 2,500 ccm.

At the same time the automobile tax for conventional vehicles is to be raised by DM3.60 for each 100 ccm.

It was also decided to raise by 2 pfennig the petroleum tax for leaded gasoline and to lower it by 1 pfennig per liter of leadfree gasoline.

However, the retreat from compulsory regulations caused the discussion within the government, between and within parties and between the Laender to flare up anew, primarily because the EC commission in Brussels does not want to require low-emission automobiles until 1995.

In this matter Minister of the Interior Friedrich Zimmermann has the full support of the CSU in his desire for additional buying incentives. Last Monday Bavaria's Minister President Franz Josef Strauss once again sought expert advice from BMW board president Aberhard von Kuenheim prior to the coalition discussion of this subject on Wednesday. There is talk that in the meantime the Bavarians are leaning toward supporting to the best of their ability the recommendation made by Baden-Wuerttemberg for a graduated plan, linked, however, with additional buying incentives.

The recommendation which was made by Minister President Lothar Spaeth of Baden-Wuerttemberg provides for requiring the automobile industry to effect, in three stages, total conversion of its entire line to catalyzers (one-third each year in 1986, 1987 and 1988), for allowing EC import vehicles 1 additional year and starting in 1990, if need be, going it alone and requiring compulsory compliance with the American standards for commercial vehicles.

On the other hand, the SPD-controlled Laender in the Bundesrat are demanding compulsory compliance with American standards effective 1986 for all new vehicles. However, in the discussions in the Bundesrat it is a question of a nonbinding resolution. The acid test will not come until the Federal government presents the Bundesrat with tax laws which require an affirmative vote.

Of course, with its commitment to a uniform European solution in the issue of emission standards the Federal government has itself again created a stumbling block for its decisions on 19 September. EC commissar Karl-Heinz Narjes says: "We cannot yet tell whether the European Parliament and the Council of Ministers will favor the schedule set forth by the EC commission."

Laender such as Bavaria, however, make "going it alone as a last resort" dependent on whether this schedule can be chosen. Thus, Chancellor Helmut Kohl is compelled to commit himself to tax-based or direct buying incentives in September although the EC members of parliament will be able to debate the German desires at the earliest in the first week of meetings in November.

A decision by the Council of Ministers cannot be expected before December. However, Brussels has indicated that it has nothing against either tax relief measures or against direct buying assistance if these together do not exceed the additional costs for low-emission automobiles. This means that Brussels will intervene only if high-emission automobiles are made financially worse off than low-emission automobiles. The fact that the figures are still being tinkered with in Bonn is clear proof of the "total confusion" (according to a Bonn ministry official) in this question. As if the costs of catalyzers were a static quantity which can be precisely predicted. Last week SUEDEDEUTSCHE ZEITUNG's Japan correspondent reported what it costs to install catalyzers in series production at Mazda: "less than 10,000 yen"--that is a little more than DM100.

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